

BUDGET 2019

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# Budget Address

A plan for jobs  
and the economy

Delivered by: Honourable Travis Toews | President of Treasury Board, Minister of Finance | Legislative Assembly of Alberta





## Introduction

Mr. Speaker, it is my honour to rise today to deliver the inaugural budget of the first United Conservative government of Alberta.

This budget is the result of the comprehensive platform our party ran on in this year's election and consultations with Albertans over the last few months.

That platform, titled "Getting Alberta Back to Work," was endorsed by over a million voters, representing 55 per cent of electors and the highest single party vote tally in provincial history.

This was an overwhelming public endorsement of our three main priorities:

- Getting Albertans Back to Work
- Making Life Better for Albertans
- Standing Up for Alberta

This budget is the fulfillment of that promise made to Albertans.

This is a budget that is ambitious in its drive for economic growth.

This is a budget that is courageous – tackling the out-of-control spending of previous administrations.

This is a budget that is compassionate – taking care of the most vulnerable and providing more resources for families and children.

This is a budget that is thoughtful, reasonable and precise in its execution.

And this is a budget that puts Alberta and Albertans first, at a time when we are contending against a global campaign of misinformation and a federal government that has campaigned against our province's vital economic interests.

It is in this context that this budget has been crafted.

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## Ambition: Getting Albertans back to work

So let me start, Mr. Speaker, with the ambition of Budget 2019.

Budget 2019 takes action on our first priority—getting Albertans back to work.

Albertans overwhelmingly endorsed our government's free enterprise principles.

Those principles support the entrepreneurial attitude and can-do spirit that made Alberta prosperous in the past, and will restore our role as the economic engine of Canada's prosperity.

Budget 2019 will get Albertans back to work by restoring our competitiveness, reviving private investment, cutting red tape, and supporting training in the skills that will be needed in the future.

To make Alberta a magnet for investment, Budget 2019 is taking bold action to reduce taxes and regulation.

Our goal is to make Alberta the most competitive jurisdiction to do business in North America.

Our first act after forming government was to eliminate the carbon tax. That job-killing tax created a significant drag on economic growth, and disproportionately penalized us for living in a geographically massive region, with a cold climate, and a resource driven economy.

At 1.4 billion dollars, this was the largest tax cut in Alberta's history. It reversed the skewed priorities of the previous government that raised the cost of everything – from home heating to groceries – for families and small businesses already coping with unemployment and less income.

I was incredibly proud to present legislation that implemented the Job Creation Tax Cut.

This legislation assures the reduction of corporate income tax rates from 12 to eight per cent.

Mr. Speaker, by 2022, Alberta will have the lowest rate in Canada and that rate will be lower than 44 of 50 U.S. states.

The weight of historical evidence overwhelmingly shows that when we improve our corporate tax advantage, our provincial GDP goes up and our share of national GDP increases.

So do jobs. And so do government revenues.

Economists Jack Mintz and Bev Dahlby estimate that the Job Creation Tax Cut will add up to 55,000 jobs by 2023.

My own ministry estimates that the Job Creation Tax Cut will boost real investment by approximately four billion dollars **per year** by 2023.

And we have ample evidence of what doesn't work, Mr. Speaker. After the former government increased the corporate income tax rate, tax revenues fell by billions of dollars.

It is one element of their legacy that we have reversed, in order to shift Alberta to a broad-based, low tax structure that puts investment decisions in the hands of the private sector, not government.

Mr. Speaker, success is the intersection between preparation and opportunity. This side of the house believes that opportunity in Alberta remains boundless; it is the preparation that has been missing in the past few years and we will fix that.

We have also adopted the accelerated capital cost allowance provisions. This will encourage businesses to make capital investments, resulting in growth and improved productivity.

Mr. Speaker, the Job Creation Tax Cut, along with the accelerated capital cost allowance provisions, provide Alberta with a broad-based, low rate, corporate tax system that will be competitive with any jurisdiction in North America.

These two initiatives are designed for optimal economic impacts.

They are a break with the habit of many modern governments to complicate fiscal policy with targeted tax credits. These invariably come with red tape, which makes them inefficient. And they undermine the efficiency of market-based capital allocation in order to achieve political or ideological objectives.

Therefore, we will be taking steps to eliminate five tax credits:

- The Alberta Investor Tax Credit
- Community Economic Development Corporation Tax Credit
- Capital Investment Tax Credit
- Interactive Digital Media Tax Credit, and
- Scientific Research and Experimental Development Tax Credit

Mr. Speaker, we will honour our existing commitments under these programs.

And going forward, companies that received these credits will now instead benefit from the broad-based, low tax environment provided to all those who choose to do business in Alberta.

Mr. Speaker, since day one we have been working to transform Alberta's economy from one of the slowest and most over-regulated in Canada to the fastest and freest in the nation.

My colleague, the Associate Minister of Red Tape Reduction, is making excellent progress working with Albertans to identify roadblocks to job creation and economic development.

Serious efforts to reduce red tape across the entire spectrum of government are projected to save taxpayers at least 140 million dollars a year.

Unlike the previous government, Mr. Speaker, this government is not driven by dogma. We are pragmatic about economic intervention, not doctrinaire.

Indigenous communities, groups and businesses face significant challenges when accessing capital to invest in natural resource projects.

This impedes their economic growth and well-being.

That's why our government is creating the one billion dollar Alberta Indigenous Opportunities Corporation – to help Indigenous owned enterprises become partners in energy and resource development.

The Alberta Indigenous Opportunities Corporation makes Alberta a leader in Canada on the path to reconciliation.



I am proud to present a budget that supports this practical investment to create meaningful, lasting change and a brighter future for Indigenous Albertans.

Mr. Speaker, Albertans want our government to take a realistic approach to the challenge of climate change.

Our government's Technology Innovation and Emissions Reduction – or TIER program – is an ambitious and realistic plan to incent investment in new emission reduction research and technologies.

It invests in the tremendous progress we are already seeing in the oil sands. Between 2000 and 2017, the emission intensity of oil sands operations has dropped by 28 per cent.

This is the result of made-in-Alberta technologies and is a real outcome in the effort to reduce global emissions.

TIER builds on this success and keeps the focus on large industrial emitters responsible for half of the emissions in Alberta.

Regulated facilities can reduce or offset their emissions, or pay directly into the TIER fund.

Over the next four years, TIER revenues are estimated to be 1.9 billion dollars.

This will be used to fund further development of emissions reduction technologies, ensuring that Alberta companies, who are already among the most environmentally responsible in the world, continue to innovate and improve by investing in clean technologies that reduce greenhouse gas emissions.

Mr. Speaker, Budget 2019 also invests in developing the work skills that are and will be needed to move our province forward.

To develop the next generation of skilled tradesmen and women, Budget 2019 expands the apprenticeship model with:

- Over 11 million dollars for schools to work with CAREERS: the Next Generation – an organization connecting students with apprenticeships and skills that will lead to high-paying jobs and rewarding careers
- It provides 10 million dollars for Women Building Futures to encourage women to enter the trades
- Two million dollars over four years for Skills Canada Alberta to help young Albertans build their technology skills and make connections on the national and world stage

Actions to attract and keep skilled workers include developing the Alberta Advantage Immigration Strategy with 2.5 million dollars to recognize foreign qualifications so newcomers can accelerate their entry into the job market.

Mr. Speaker, we also will build on our strength in technology, data and telecommunications, and our leadership in artificial intelligence.

We will spend more than 200 million dollars on research, innovation and commercialization to develop talent and attract global investment.

This funding will commercialize technologies that will improve the productivity and competitiveness of our traditional industries and build the ones we haven't yet envisioned.

Mr. Speaker, this funding will support a highly skilled labour force, world-class university programs and a competitive business environment that will make lasting contributions to economic growth.

All of these measures, Mr. Speaker, will help the province recover from the past four years.

With business investment picking up, real GDP growth is forecast to improve from 0.6 per cent in 2019, to 2.7 per cent in 2020 and then to three per cent in the final two years of our mandate.

Our ambitious strategy for job creation will lead to marked improvement in economic growth.

While we are confident in our policies, we are aware of increasing risks to the global economy.

In the event of negative external economic impacts beyond our control, additional spending restraint will be required.

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## Courage: Living within our means

Now Mr. Speaker, I'd like to speak of courage.

To rein in the excessive spending of Alberta governments dating back 25 years will take courage and resolve, and not just by this government, but by all Albertans.

We all have an obligation to live within our means. It is unfair to saddle future generations of Albertans with debt, to effectively steal their opportunities and force them to pay our bills. We must be responsible today to ensure the next generation can continue to access the high-quality public services we enjoy, and have opportunities for healthy, fulfilling and prosperous lives.

As the MacKinnon Panel noted, Alberta's annual expenditures would be 10.4 billion dollars less if our per capita spending simply matched the average of spending in Canada's three largest provinces: British Columbia, Ontario and Quebec – and we would not have a deficit.

In Health, we spent almost 1,000 dollars more per person in 2018 than Ontario. This means we would be spending over 4 billion dollars less on health care if we matched Ontario's spending.

But all that money isn't buying us better results.

The panel pointed to a number of metrics that demonstrate our health care service delivery is no better than comparable provinces, and in some cases worse. For example, Alberta has:

- The highest percentage of people cared for in hospitals who should be in a more appropriate setting, and
- We wait longer to see a specialist after getting a referral

It's clear, other provinces are doing more with less in health care.

This is why our Minister of Health has initiated an Alberta Health Services review to identify a course of action that will ensure Albertans receive better value from our health care system.

Mr. Speaker, we also are spending more than other provinces on education.

In K-12 education, school board funding increased by 3.5 per cent over the last decade, more than double the increase in student enrolment.

In advanced education, funding to post-secondary institutions has grown by 40 per cent since 2009, about three times the growth of enrolment.

To live within our means, government spending must adjust to a new reality. Oil prices will be lower for longer. We can't count on another boom to bail us out.

The MacKinnon panel concluded that a spending freeze would not be enough to balance the budget in 2023.

Alberta must now bring spending to more affordable levels in line with other provinces.

When Dr. Janice MacKinnon delivered her panel's report to me, she said something that has remained top of mind. It was that Alberta still has options, but you must take action now to restrain spending – do not delay. If you don't take action now, there will be far fewer options for Alberta in the future.

Mr. Speaker, I will not be responsible for removing opportunities for Albertans in the generations to come.

The challenge of this restraint is the spending trajectory the previous government left us. In the last four years, Alberta's operating expenses have been increasing at over four per cent every year while revenues have remained flat.

This budget is a first step in changing that trajectory, as it rolls back operating spending.

Ministries have put in countless hours finding efficiencies, and are now beginning the work that will lead to transformative change.

Redesigning and modernizing the way we deliver services has the potential to unlock significant savings and provide better outcomes.

We are taking a thoughtful and surgical approach to spending restraint.

To ensure their sustainability, we are evaluating programs that were put in place and left to grow at an unrestrained pace.

We are considering ways in which programs can be restructured so that they truly support the most vulnerable. We are taking efforts to simplify the supports Albertans receive to cut down on administration costs. Where we believe Albertans could afford to cover more supports, we will ask them to do so.

But I want to be clear. This is Budget 2019...not Budget 1993.

Budget 2019 is making a 2.8 per cent measured spending reduction over four years. That's less than three cents on the dollar.

This is not an 18 per cent across-the-board cut.

In Budget 2019, front line services are protected.

We will maintain our platform commitment to fully fund Education.

Health care spending will rise.

Funding will also increase for Children's Services, Community and Social Services, and Seniors and Housing.

That is all possible because our plan to balance the budget is focused, thoughtful and practical.

Mr. Speaker, what we can't ignore is the crippling legacy of unrestrained spending.

Government's operating expense is now 1.2 billion dollars higher than if it matched Alberta's population growth and inflation in the last four years.

At the end of 2009, Alberta's debt was 1.2 billion dollars.

This number has grown exponentially and on March 31, 2019, provincial taxpayer supported debt totalled 63 billion dollars.

Interest payments on that debt consume 3.5 per cent of the budget.

That's two billion dollars a year or five million dollars a day going to bankers and bond holders, that could instead pay for 30,000 teachers, or 35,000 long-term care beds, or a new school every day.

Had the previous government continued with their plan, we would have generated nearly 100 billion dollars in debt by 2024, with annual interest payments of 3.4 billion dollars.

Living within our means – and getting spending down to comparative levels with peer provinces – is the only way we will balance the budget, get out of debt and strengthen public services for Albertans.

Something we will not do Mr. Speaker is continue with the reckless crude-by-rail program the previous government created on the eve of its demise.

The program would have paid out 10.6 billion dollars in expenses to get back 8.8 billion dollars in oil revenues.

Rail contracts alone were 3.7 billion dollars – almost as much as the federal government paid for the Trans Mountain pipeline.

Mr. Speaker, the private sector can ship this oil far more cost effectively than government, without risking the tax dollars of hard working Albertans.

Budget 2019 includes a one-time, 1.5 billion dollar provision to get government and taxpayers out of the crude-by-rail business.

Mr. Speaker, this budget honours previous commitments to build and maintain key infrastructure projects.

But it also takes into account what we learned from the MacKinnon report – that infrastructure in Alberta is generally newer than in other jurisdictions.

Capital spending in Alberta averaged seven billion dollars a year over the past decade. In this capital plan, it will average just over six billion dollars.

The 2019 Capital Plan provides 24.2 billion dollars over four years.

The MacKinnon report made it clear that municipalities must shoulder more of the responsibility for major projects.

The panel found that Alberta provides over 20 per cent more grant support to municipalities than other provinces, and recommended that we bring municipal spending in line accordingly.

The four-year fiscal plan in Budget 2019 will put us on that recommended path.

Mr. Speaker, an important partner on the journey to a new and better fiscal future for Albertans will be our public sector workers. Each and every Albertan who works to deliver government services – whether they are a doctor, janitor, administrator, teacher or nurse – is an important partner in our work.

Labour costs represent 55 per cent – more than half – of the total operating budget.

And in 2018, Alberta's total wage and salary expenses were 880 million dollars higher than in British Columbia, and 1.2 billion dollars higher than in Ontario on a per capita basis.

In keeping with the McKinnon report recommendations, our goal is to bring Alberta government wages in line with other provinces.

Alberta MLAs demonstrated leadership by taking a five per cent salary reduction. The Premier himself took a 10 per cent cut.

We will be looking to the public service for restraint.

Let me be clear, this budget does not contain any provision for wage increases.

And over the next four years, the size of Alberta's public service will be reduced, and management-to-staff ratios will fall.

This will be accomplished mainly through attrition, coupled with hiring restraint in the broader public sector.

Next year, almost every contract we have with union labour will expire.

As we approach a new agreement, we must keep in step:

- With today's fiscal reality
- With other provincial remuneration levels
- With other Albertans who saw their wages decrease or disappear altogether due to our province's recent economic travails

And so I speak directly to Alberta's public service, to the nurses, and teachers, and all the committed professionals who deliver to Albertans every day: work with us to bring Alberta's spending in line.

This will protect jobs now and for the future. And it will show fairness and respect for Albertans' hard-earned tax dollars.

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## Compassion: Protect the most vulnerable

While Albertans are hard working and self-reliant, they are also compassionate and care about their neighbours and those who are less fortunate.

Our government promised to maintain quality health care and education, and social supports for the most vulnerable.

Budget 2019 honours that promise, while achieving the MacKinnon Panel recommendation to bring Alberta's spending in line with the average of other provinces.

True to our commitment and Albertans' priorities, Health gets a 200 million dollar increase in this budget.

Over four years, Health will receive:

- 100 million dollars for a mental health and addiction strategy
- 40 million dollars to address the opioid crisis
- 20 million dollars for palliative care

That said, we must recognize that health care is the single biggest government expense.

We must stabilize health care spending. This will be essential to balance the budget by 2023. And it can't be accomplished in one year alone.

Last year, Alberta spent 20.4 billion dollars on health care. That's 42 per cent of the entire operating budget.

Between 2009 and 2019, health care spending increased 60 per cent, while government revenue only increased by 26 per cent.

Our goal is to establish a health care system that achieves better outcomes, provides more appropriate care for Albertans, and comes closer to funding levels in B.C., Ontario and Quebec.

Mr. Speaker, the Alberta government spends over eight billion dollars every year to educate children from Kindergarten through to Grade 12.

Budget 2019 maintains this funding.

We are allocating funding for the school nutrition program as promised, with 15.5 million dollars for schools and three million dollars for not-for-profits.

And we are accommodating student growth with 1.8 billion dollars in new capital funding, for new and upgraded schools, and 250 new modular classrooms.

We will build and upgrade playgrounds for Alberta's children by contributing 11 million dollars over two years.

We will also act on a MacKinnon Panel recommendation for Alberta's K – 12 system.

Government will review and revise the education formula to address enrolment growth and to provide incentives for sharing services and achieving better student outcomes.

We also want to ensure better outcomes for our post-secondary students. Post-secondary education accounts for nearly 11 per cent of our budget.

Spending on post-secondary education has grown at a rate of four per cent per year – three times the rate of enrollment growth.

We spend 36,500 dollars per student, per year. That's 5,000 dollars more than British Columbia, 10,000 more than Quebec, and 15,000 more than Ontario.

The Minister of Advanced Education is consulting with post-secondary institutions to set a new course that focuses on performance, accountability and cost management.

Mr. Speaker, we will end the five-year tuition freeze and decrease institutional dependence on taxpayer dollars – while maintaining a high level of student support through scholarships and endowments.

Our post-secondary institutions will help hone the next generation of great leaders, and education is one of the best personal financial investments you can make.

Removing the cap on tuition will incent our universities and colleges to compete for enrollment by focusing on the delivery of programs that directly meet student needs.

Mr. Speaker, Alberta has some of the most generous social programs in the country.

The Assured Income for the Severely Handicapped – or AISH – is 400 dollars more per month than the next most generous province.

Supports for the disabled are also among the most substantial.

Mr. Speaker, Budget 2019 makes no cuts to social programs. In fact, it increases spending. This aligns with our government's commitment to protect the most vulnerable while living within our means.

Community and Social Services receives a 7.6 per cent increase to address human trafficking and sexual exploitation, caseload pressure and a comprehensive review of programming to ensure value for money.

We are maintaining the low-income transit support pilot program for vulnerable Albertans so they can get to appointments, job interviews and their work places.

Seniors and Housing will receive an increase of eight million dollars to maintain overall seniors' benefits.

And Children's Services receives a 15 per cent increase over four years.

The Alberta Child and Family Benefit will replace the Alberta Child Benefit and Alberta Family Employment Tax Credit. This single program will provide more benefits to lower-income families, while reducing administrative costs.



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## Put Alberta and Albertans first: Standing up for Alberta

Mr. Speaker, the third priority for our government and for Budget 2019 is standing up for Alberta.

- Standing up for a fair deal in Confederation
- Standing up against foreign-funded activists trying to landlock our oil

Alberta is a proud and significant contributor to the national economy.

We have 12 per cent of Canada's population, but contribute more than 16 per cent to national GDP.

We attract 25 per cent of all capital investment and are responsible for nearly a quarter of all Canadian exports.

When our economy is strong, all of Canada benefits.

Alberta's net fiscal contribution to the rest of Canada averaged over 23 billion dollars a year in the last five years, and 211 billion dollars over the last decade. Alberta tax payers make an extraordinarily outsized contribution to the federation, largely due to the energy sector.

When Ottawa enacts discriminatory legislation like the tanker ban, or creates excessive, opaque and unconstitutional government programs like the new environmental assessment regime of Bill C-69, they are not just attacking the Alberta economy; they are undermining the future growth and prosperity of the entire nation.

Last year, Canada imported more than 18 billion dollars worth of crude oil from foreign countries, including \$1.1 billion from Saudi Arabia alone.

At the same time, Alberta's reputation as the most environmentally friendly and socially responsible energy producer in the world has been unfairly maligned.

We are fighting back against these defamations and disinformation with the truth, and with a proactive and relentless effort that will bring back international investment.

Budget 2019 includes 30 million dollars a year for the Canadian Energy Centre to do just that.

And 2.5 million dollars is budgeted for the public inquiry into foreign funding of anti-energy campaigns.

But, Mr. Speaker, the Canadian Energy Centre is just the start of our campaign to Stand Up for Alberta.

In light of the election results earlier this week, it is clear that we cannot rely on federal support to rebuild our province. It is absolutely essential that we put our fiscal house in order and take charge of our economic future.

In the coming months we will be focusing our efforts on bringing fiscal fairness back to Alberta. We will be looking at each and every federal fiscal transfer program and demanding that our concerns are addressed. We will use all the tools at our disposal to get a fair deal for Alberta.

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## Conclusion

In closing, friends, fellow Albertans, I am proud of this budget and the people who have helped put it together.

It is a plan that will, above all, balance the provincial budget within four years.

But it is much more than that. It is a turning point in Alberta's history.

It is a budget that will grow the economy and create jobs through an ambitious strategy to attract investment to Alberta.

It is a budget that will chart a prudent and thoughtful new course that breaks away from the excessive spending of past governments.

It is a budget that provides certainty and stability.

And it is a budget that demonstrates compassion for people and protects the most vulnerable.

We promised to get Albertans working in a growing economy.

We promised to deliver quality health care and education.

We promised to support the most vulnerable among us.

And we promised to balance the budget in four years.

Budget 2019 keeps those promises.

Mr. Speaker, on behalf of all my colleagues in government I would like to thank the people of Alberta for giving us this opportunity to return our province to prosperity.

We will not let you down.

Friends and fellow Albertans I want to conclude with this message:

While we have no shortage of challenges today, I believe Alberta has a bright future.

I'm hopeful today, not only because we've been blessed with a truly beautiful province, abundant in resources. But because Albertans are resilient and responsible, men and women who cherish and defend their freedom, and know that reward does not come without risk and effort.

This is the spirit of the men and women who built this province and it remains today, and it's for this reason I am incredibly hopeful for our future.

Thank you.



BUDGET 2019

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# Fiscal Plan

A plan for jobs  
and the economy

2019–23

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BUDGET 2019

GOVERNMENT OF ALBERTA | 2019–23

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# 2019–23 Fiscal Plan

PRESENTED BY

**TRAVIS TOEWS**

**PRESIDENT OF TREASURY BOARD  
AND MINISTER OF FINANCE**

in the Legislative Assembly of Alberta  
October 24, 2019

## Accountability Statement

The government's Fiscal Plan for the four years commencing April 1, 2019 was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions as of October 16, 2019 with material economic or fiscal implications have been considered in preparing the four year Fiscal Plan.

*Original signed by*

Travis Toews  
President of Treasury Board and Minister of Finance  
October 16, 2019

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BUDGET 2019

GOVERNMENT OF ALBERTA | 2019–23

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# Fiscal Plan Overview

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Note: Amounts presented in tables may not add to totals due to rounding.

## A Plan for Jobs and the Economy

*Budget 2019* reflects this government's commitment to responsible fiscal management. It honours the promise of a credible balanced budget plan over four years. The fiscal choices are in keeping with government's mandate: focus on jobs and deliver public services and infrastructure that support private sector investment and a vibrant society.

In nine of the past 10 years, provincial governments in Alberta have run deficits. This includes years when oil prices averaged over US\$90 a barrel (bbl) and the economy expanded by five per cent a year.

Alberta's escalating deficits created a serious financial situation and a debt burden that has reached \$62.7 billion for taxpayers and future generations of taxpayers<sup>1</sup>. Debt servicing costs at the end of last year approached \$2 billion. Alberta spent more on interest than on 17 out of 21 government ministries, including Justice and Solicitor General, Children's Services, and Seniors and Housing.

This budget takes a measured approach to address overspending while focussing on three key priorities:

- Getting Albertans back to work
- Making life better for Albertans
- Standing up for Alberta

<sup>1</sup> Total Debt as of March 2019 was \$80.8 billion including debt in self-supporting provincial corporations of \$18.1 billion.

### Budget 2019 – Key Fiscal Metrics

(billions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Revenue	49.6	50.0	50.1	53.6	57.5
Expense					
Operating expense	48.4	48.2	47.3	47.2	47.1
Other expense	7.9	8.3	7.9	8.3	8.7
<b>Surplus / (Deficit) before provisions and allowances</b>	<b>(6.7)</b>	<b>(6.5)</b>	<b>(5.1)</b>	<b>(1.9)</b>	<b>1.8</b>
Crude-by-rail provision	-	1.5	-	-	-
Contingency and unallocated disaster assistance	-	0.7	0.8	0.8	0.8
Revenue forecast allowance	-	-	-	-	0.5
<b>Surplus / (Deficit)</b>	<b>(6.7)</b>	<b>(8.7)</b>	<b>(5.9)</b>	<b>(2.6)</b>	<b>0.6</b>
Other Key Metrics:					
Capital / Other Non-financial assets	53.9	54.6	55.9	56.6	56.7
Heritage Fund Year-end Balances	16.0	16.2	16.5	16.9	17.2
Taxpayer Supported Debt	62.7	71.8	80.9	87.0	93.3
Total Debt <sup>1</sup>	80.8	90.2	99.9	106.9	114.2
Net Financial Debt	27.5	36.6	43.7	46.9	46.4
Net Financial Debt to Nominal GDP Ratio	7.9%	10.2%	11.8%	12.0%	11.2%
Taxpayer Supported Debt to Nominal GDP Ratio	18.0%	19.9%	21.9%	22.2%	22.5%

**Note:** Numbers may not add due to rounding. See table on page 22 for amounts in millions. See fiscal tables for more detail.

<sup>1</sup> Total debt includes debt issued to finance self-supporting provincial corporations.

# Getting Alberta Back to Work

The private sector is the engine of growth and job creation. Government will move its focus to policies that create the right conditions for sustainable long-term economic growth.

## Supporting Investment in Alberta

*Budget 2019* builds on the government's early achievements to support job creation. It continues to lay the foundation for viable and sustainable economic growth. By 2022, Alberta is going to be one of the most tax competitive places in North America for investment.

Actions reflected in this fiscal plan include:

- Eliminating the carbon tax to give that money back to Albertans.
- Reducing the corporate income tax rate from 12 per cent to eight per cent over four years so businesses can grow and create more jobs.
- Implementing an enhanced capital cost allowance that provides up to \$900 million in tax deferrals over four years for companies that make new investments in Alberta, further supporting job creation.
- Returning to a low-rate, broad-based tax approach that supports the whole economy and encourages economic diversification.
- Removing red tape to streamline government processes that impede job creation.

Savings for an average Alberta household (family with two children) from repealing the carbon tax are around \$665 per year.<sup>1</sup>

Corporate tax cuts benefit Albertans and their families. Workers ultimately bear the cost of high corporate income taxes, with corporate tax increases passed on through lower wages and higher cost products. Research published by the University of Calgary's School of Public Policy has shown that for every \$1 increase in corporate income tax revenue due to a rate increase, aggregate wages in Alberta decline by at least 95 cents. The Job Creation Tax Cut will result in more jobs and higher wages and salaries for Albertans, allowing them to better take care of their families.

## Investing in Skills and Training

The MacKinnon Panel noted that a highly skilled workforce is critical to attracting industry and investment. It suggested retooling the province's approach to funding institutions that develop Alberta's skilled workforce. It also suggests challenging all post-secondary institutions to engage with industry to graduate the skilled workers industry and business need.

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<sup>1</sup> This includes direct and indirect savings.

**Source:** Alberta Treasury Board and Finance calculations using Statistics Canada's Social Policy Simulation Database and Model.

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By 2022 Alberta's corporate tax rate will be 30 per cent lower than the next lowest province, and Alberta will have a lower combined federal-provincial corporate tax rate than 44 U.S. states.

To achieve these goals, government actions include:

- Spending \$10.7 billion in the post-secondary sector over four years through grants, which include reductions to align to the MacKinnon Panel recommendations.
- Reviewing system funding to make it more responsive to skills shortages and future labour market changes. The focus will be on accountability, service delivery for students and job creation for graduates.
- Lifting the five year tuition freeze to realign the balance between taxpayers and students' own investment in their future.
- Providing additional support to strengthen students' linkages to jobs through:
  - Supporting Women Building Futures with \$10 million.
  - Expanding apprenticeship training.
  - Increasing support for Skills Canada (\$2 million) and CAREERS the Next Generation (\$11.4 million).

Actions to attract and keep skilled workers in the province are also planned in this budget. They include:

- Developing the Alberta Advantage Immigration Strategy with \$2.5 million to support foreign qualification recognition, getting newcomers into jobs at their skill level faster.
- Continuing support for the film industry and moving from grant-based support to a tax credit program. Total support in four years is expected to be \$180 million for commitments under the grant program and the new tax credit.
- Providing \$75 million, starting in 2020-21, to grow and sustain foreign investment in Alberta.
- Building on our technology, data and telecommunications strength, including our leadership in artificial intelligence. Over the next four years, Alberta will spend over \$34 million to bring Alberta technologies to the market in areas such as artificial intelligence and autonomous systems. In addition, Alberta Innovates will spend \$6.5 million to help businesses innovate using data-enabled technologies.
- Implementing an ambitious strategy to grow tourism in Alberta.

Economic Development, Trade and Tourism, through Alberta Innovates, will restore investor confidence in Alberta with more than \$200 million to support research, innovation and commercialization to develop and advance talent, grow sectors, leverage funding from partners and the private sector.

Supporting a highly skilled labour force and a competitive business environment will make lasting contributions to economic growth.

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TELUS signaled their confidence in the Alberta economy with a \$16 billion investment to expand its broadband infrastructure. This results in 5,000 jobs for Albertans.

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We will invest \$75 million, starting in 2020-21, to grow and sustain foreign investment in Alberta.

# Making Life Better for Albertans

*Budget 2019* is a balanced plan for our government to live within its means. Balancing the budget makes Alberta competitive, allows us to defend Alberta's interests, and secures a promising future for this province. This plan protects the vulnerable by maintaining strong public services, but introduces overdue reforms and transformation to deliver value for money.

## Living Within Our Means

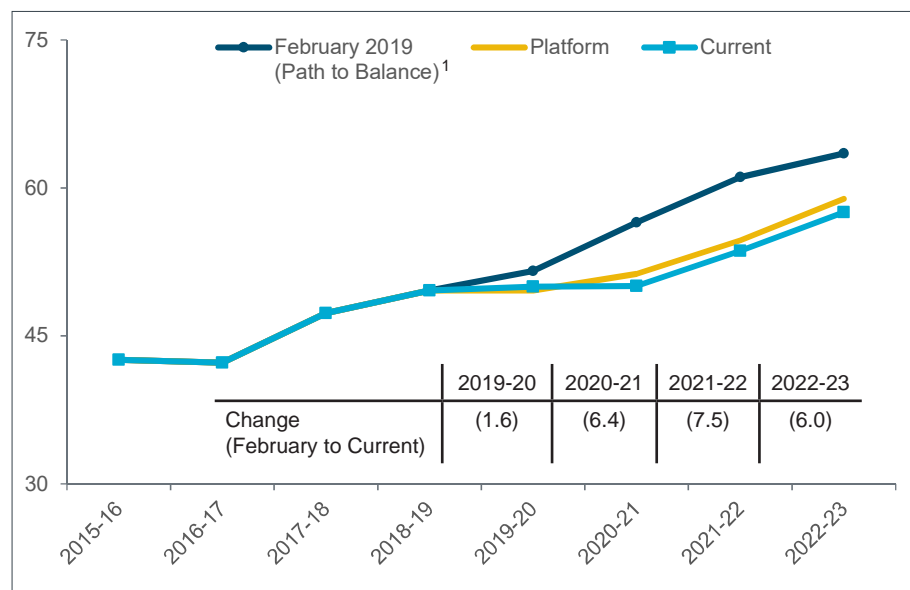
To eliminate the deficit effectively, government must pay attention to the volatility of Alberta's revenue streams. Government has to be vigilant and spend only what it can afford. Otherwise, debt servicing costs (interest on what we have borrowed) will continue to limit our ability to fund public services like hospitals, continuing care centres and schools.

## Revenue

Over the next four fiscal years, revenues are expected to be lower by approximately \$21.5 billion than in February 2019 at the last provincial revenue update by the previous government (see the Revenue Section page 64 for details). This reality made spending reductions necessary. Total revenue is, in fact, forecast to remain relatively flat at \$50 billion in 2019-20 and \$50.1 billion in 2020-21, before increasing to \$57.5 billion by 2022-23.

Changes in policies and forecast assumptions have lowered revenue projections since February 2019.

## Revenue Forecasts (billions of dollars)



Source: Treasury Board and Finance

<sup>1</sup> 2018-19 Third Quarter Fiscal Update and Economic Statement, includes Path to Balance

A modest but realistic oil price outlook along with market access issues (e.g. pipelines) impede revenue growth over the next two years. Healthy growth in income tax revenue is expected in 2020-21, but this is more than offset by a decrease in bitumen royalties as the light-heavy differential widens.

The price of oil is expected to increase modestly over the medium term from US\$57 bbl in 2019-20 to US\$63 bbl in 2022-23. Royalties and tax revenue will also benefit from higher energy prices, rising oil production and improving economic conditions over the medium term.

Alberta households pay less in taxes than any other province, and benefit from generous personal tax credits and personal amounts. Alberta will temporarily pause indexation of non-refundable tax credits and tax bracket thresholds to the Alberta Consumer Price Index, but resume once the economic and fiscal situation can support it. Despite this pause, Albertans will continue to pay the lowest overall taxes in Canada.

Policy changes, including the Job Creation Tax Cut, the carbon tax repeal, Technology Innovation and Emissions Reduction (TIER), tuition increases and modest adjustments to fees are accommodated in the revenue outlook. The forecast also has more reasonable assumptions regarding investment returns compared to the Third Quarter Update of 2018-19.

### **Budget 2019 Revenue**

(millions of dollars)

	<b>2018-19 Actual</b>	<b>2019-20 Estimate</b>	<b>2020-21 Target</b>	<b>2021-22 Target</b>	<b>2022-23 Target</b>
Income and Other Taxes	23,578	<b>21,933</b>	23,036	24,473	25,930
Resource revenue – Bitumen royalties	3,214	<b>4,682</b>	3,492	4,470	6,131
Resource revenue – Other	2,215	<b>1,845</b>	1,894	2,268	2,460
Transfers from Government of Canada	8,013	<b>9,200</b>	8,883	9,426	9,746
Investment Income	2,349	<b>2,585</b>	2,697	2,893	3,009
Net Income from Government Business Enterprises	2,585	<b>2,417</b>	2,558	2,495	2,580
Premiums, Fees and Licences	3,911	<b>3,872</b>	4,047	4,131	4,241
Other	3,759	<b>3,482</b>	3,472	3,473	3,446
<b>Total Revenue</b>	<b>49,624</b>	<b>50,016</b>	<b>50,079</b>	<b>53,629</b>	<b>57,543</b>

### **Expense**

As the MacKinnon Panel clearly outlines, Alberta spends much more per person than other provinces. The panel noted that despite this excessive spending, outcomes are not better. For example, our health outcomes are no better and are sometimes worse than in other provinces. Spending on post-secondary education is not yielding better results.

“Alberta’s spending per capita is the highest in Canada and has consistently been higher than the average of the 10 provinces over the past 25 years” (MacKinnon Panel). This is not a problem that started overnight, and it will take some time to address. The costs of delivering government services can and will be more in line with those in other provinces, while government delivers the better outcomes people deserve with better value for taxpayer dollars.

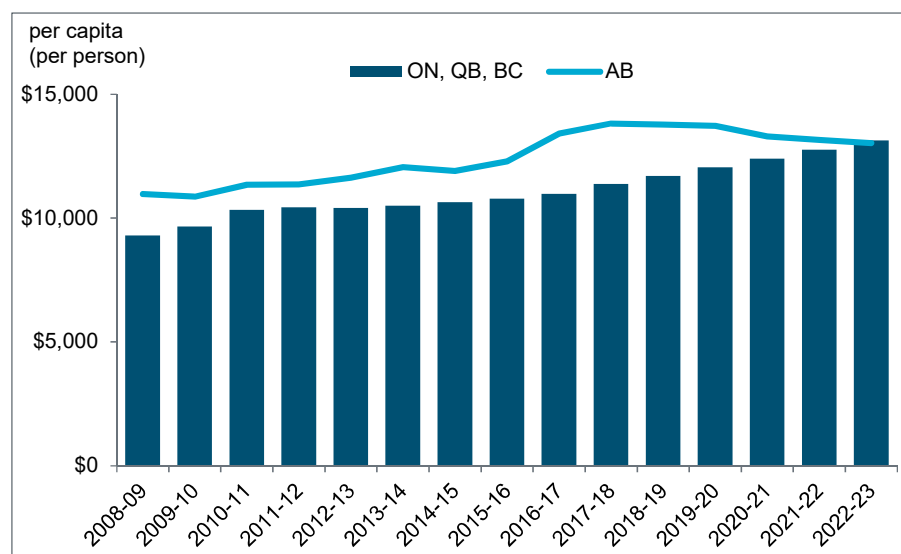
Operating costs will be reduced by 2.8 per cent over four years.



The consolidated operating expenditures of government will be reduced by 2.8 per cent over the next four years. Total expenses, which include capital grants, debt servicing, inventory consumption as well as a disaster contingency will remain relatively stable, with an increase of 0.3 per cent over the same period. The upwards pressure is principally related to growth in debt servicing costs, as a result of the debt accumulated over previous years.

Alberta spends almost \$2,500 more per person on public services than other big provinces (B.C. Ontario and Quebec). If we matched average per capita spending, we would spend over \$10 billion less each year.

### Spending Compared to Others



**Sources:** Amounts for 2008-09 to 2017-18 are based on Statistics Canada data. Amounts for Alberta from 2018-19 onward are based on the amounts presented in the budget adjusted for Statistics Canada methodology. Expenditures for BC, ON, QB from 2018-19 onward were adjusted based on the percentage increase provided in each province's budget.

### Budget 2019 Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Operating expense	48,434	48,199	47,335	47,179	47,095
Disaster assistance	507	636	-	-	-
Capital grants	1,952	2,086	1,957	1,999	2,024
Amortization / disposal loss / inventory consumption	3,651	3,691	3,775	3,848	3,875
Debt servicing costs	1,971	2,265	2,520	2,780	3,013
Pension provisions	(190)	(337)	(375)	(324)	(248)
<b>Expense before Crude by Rail and Contingency</b>	<b>56,329</b>	<b>56,540</b>	<b>55,212</b>	<b>55,482</b>	<b>55,759</b>
Crude-by-rail provision	6	1,500	-	-	-
Contingency and disaster and emergency assistance	-	680	750	750	750
<b>Total Expense</b>	<b>56,335</b>	<b>58,720</b>	<b>55,962</b>	<b>56,232</b>	<b>56,509</b>

To bring the costs of public goods and services closer to national averages over the next four years:

- Many programs will be reformed and savings will be found to ensure more cost effective means of delivering services. This includes delivery through public-private partnerships, where the same or better quality of service can be provided at lower cost.
- Red tape reduction across government, combined with streamlined processes and consolidating administrative services, are expected to save at least \$140 million.
- The size of Alberta's public sector will be reduced by about 7.7 per cent over four years. Targeted reductions, mainly through attrition, coupled with restraint in the broader public sector, are expected to save an estimated \$552 million in compensation costs by 2022-23. Further savings may be necessary to accommodate awards through arbitration in 2019-20.
- There will be a reduction of management-to-staff ratios within four years.
- MLAs have led by example by taking a recent five per cent salary reduction in addition to a five per cent reduction in 2014. The Premier has taken a recent 10 per cent reduction.
- Government is implementing a program review to drive efficiency and ensure services are in the public interest and provide value for money.

Taken together, these changes will drive a culture of reform, innovation and transformation across government.

### **Better and Smarter Public Services**

*Budget 2019* maintains or increases funding to core social services for the most vulnerable. This demonstrates the government's commitment to ensuring public services are focussed on those with the greatest need. Key funding includes:

- \$20.6 billion per year to provide health services, including increases of \$100 million for a mental health and addiction strategy, \$40 million for an opioid response, and \$20 million for palliative care.
- \$8.2 billion per year for education maintains current funding levels as promised, and introduces a new assurance and funding framework that supports parents' choice and system demands.
- \$3.9 billion per year for community and social services, which represents a 7.6 per cent increase over 2018-19 to address commitments made on human trafficking and sexual exploitation, caseload pressure and a comprehensive review of programming to ensure value for money.
- \$1.6 billion per year for children's services, with spending increasing by 15 per cent by 2022-23, compared to 2018-19. The increase includes the new Alberta Child and Family Benefit that will provide more money to low income families, and addresses caseload pressure.
- \$638 million for seniors and housing services to maintain overall seniors' benefits.

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Since 2015, despite the recession, the size of the overall Alberta public sector has grown over five per cent.

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Funding for Albertans in need is maintained.

AISH recipients currently receive \$1,685 a month in basic benefits which is \$430 per month more than the next highest province.

The ministries that administer social and health programs account for over 70 per cent of the province's consolidated operating expense. Government listened to Albertans about the need to deliver better services at better value. By keeping funding stable, government intends to reform spending to address economic, social and fiscal challenges. These reforms will deliver better value for Albertans while continuing to support the most vulnerable.

Current, generous levels for Assured Income for the Severely Handicapped (AISH), the Alberta Seniors Benefit, Income Support and Special Needs Assistance programs will be maintained. Indexation will be paused but benefits will not be rolled back or cut.

## Standing Up for Alberta

### Alberta's Contribution to Canada

Alberta contributes more, per person, to the national economy than any other province.

With only 12 per cent of the Canadian population, Alberta attracts a quarter of all capital investment in Canada and is responsible for more than a fifth of all Canadian goods exported internationally.

Simply put, the well-being of Alberta's economy is vital to the Canadian standard of living.

With higher incomes, Albertans contribute disproportionately to federal coffers. Alberta's fiscal contribution to Canada – the difference between federal taxes raised in Alberta and federal spending in the province – has totalled over \$211 billion over the last decade.

Government will continue to use all levers at its disposal to drive economic growth in Alberta. These actions, including improving market access for Canadian energy, will contribute to national prosperity and deserve the support of Canada's national and other provincial governments.

### Reviving the Energy Sector

The energy sector is a key contributor to the Canadian economy. Canada sold almost \$125 billion worth of energy exports in 2018, far exceeding all other export categories such as motor vehicles or consumer goods. Canadian economic growth fluctuates with the energy sector. That means Canada's prosperity is closely tied to the strength of the Alberta economy.

Improving market access for oil and for natural gas is a key focus of this government and is critical to the sustainability of Alberta's, and Canada's, economy. This includes fighting misinformation, through the newly created Canadian Energy Centre, and supporting leaner and faster regulatory operations. We will also grow collaborative efforts in key markets.

The Job Creation Tax Cut and the adoption of enhanced Capital Cost Allowances restores Alberta's tax competitiveness, making it one of the most attractive places for energy investment in North America.

*Budget 2019* also honours the current agreements under the Petrochemicals Diversification Program. This program provides royalty credits to companies in exchange for building facilities that turn propane, ethane and methane into products such as plastics, fabric and fertilizers or prepare feedstocks for such products. Government will extend the royalty credit model to incent future projects.

Alberta is more than a responsible energy producer, we are also an innovation hub and solution provider. Alberta provided significant support and innovative technologies to the global energy sector. Continuing this support and showcasing innovation will promote the growth of Alberta's knowledge-based industries. It will generate world-class capabilities, attract long-term investment and ensure the competitiveness of established sectors such as resource extraction and processing. And it will demonstrate incontrovertibly that Alberta is a responsible global citizen in energy production.

Partners in Alberta's innovation system support the energy sector:

- Alberta Innovates funds and showcases early-stage technology development and commercialization in partnership with industry.
- Emissions Reduction Alberta supports later stage innovation and technologies that reduce greenhouse gases, and diversify the economy.
- Economic Development, Trade and Tourism supports technology and innovation by supporting research and development, demonstration, business development, commercialization and export, and by attracting investment.

The government welcomes private sector, market-driven investments in technologies that add value to the province's oil and gas resources, and our government will continue to improve our approach to investment attraction to ensure we are well-known globally as a safe investment destination.

## Crude-by-Rail

We are ending this costly, interventionist and unnecessary approach to market access.

The fiscal plan reflects a provision of \$1.5 billion in 2019-20 to extricate taxpayers from the crude-by-rail program hastily put in place in the final 30 days of the last government's mandate.

The program would have seen taxpayers purchase and ship 120,000 barrels of oil per day out of Alberta, in the hopes of positive returns, low trading risk and increased royalties. It was designed to rationalize and justify the previous government's excessive spending habits. The program would have cost taxpayers a minimum of \$1.8 billion (commercial revenues of \$8.8 billion less expenses of \$10.6 billion – \$3.7 billion in rail contracts and \$6.8 billion for the cost of purchasing the crude).

The federal government paid nearly the same amount (\$4.5 billion) for the existing Trans Mountain pipeline as the previous government planned to commit in rail contracts. The comparison is striking: the Trans Mountain pipeline has the capacity to ship 300,000 barrels per day (bpd) of crude from Alberta for at least the next 20 years, while the crude-by-rail program promised to ship only 120,000 bpd over just four years.

The business case carried a number of risks and assumptions never adequately disclosed to Albertans.

First, it was assumed that the private sector would not have invested in sufficient crude-by-rail capacity in the absence of government involvement. Yet, without the program, private crude-by-rail export volumes in Western Canada soared to 313,000 bpd in July, the fourth highest on record. Industry analysts indicate that Western Canada has the ability to transport 500-600,000 bpd by rail.

Second, it was assumed the program would narrow the light-heavy differential enough to generate additional resource revenues for the province, more-than-offsetting any commercial losses. But if the private sector was investing in rail, the government would have received these revenues over time without spending or risking tax dollars.

Third, the previous government did not contemplate a scenario where the differential would remain narrower than expected, making the rail contracts highly unprofitable. Between July, the planned start date of the program, and October the differential has averaged US\$12 per bbl, much lower than the committed cost of US\$21 per bbl. The program in the first three months would have lost an estimated \$70 million.

Finally, the previous government did not disclose the significant risk of buying and selling crude specifically for this program, something they had little experience with. This was a very risky insurance policy.

This government is working with partners on effective market access without making Albertans shoulder the significant risks of buying and transporting oil, risks the previous government did not present transparently.

## Investing in Infrastructure

*Budget 2019* provides the public infrastructure that families and communities need. The capital plan makes a commitment of \$24.2 billion over four years. It honours previous public commitments to build and maintain key infrastructure projects while taking into account observations from the MacKinnon report.

The 2019-2023 plan includes:

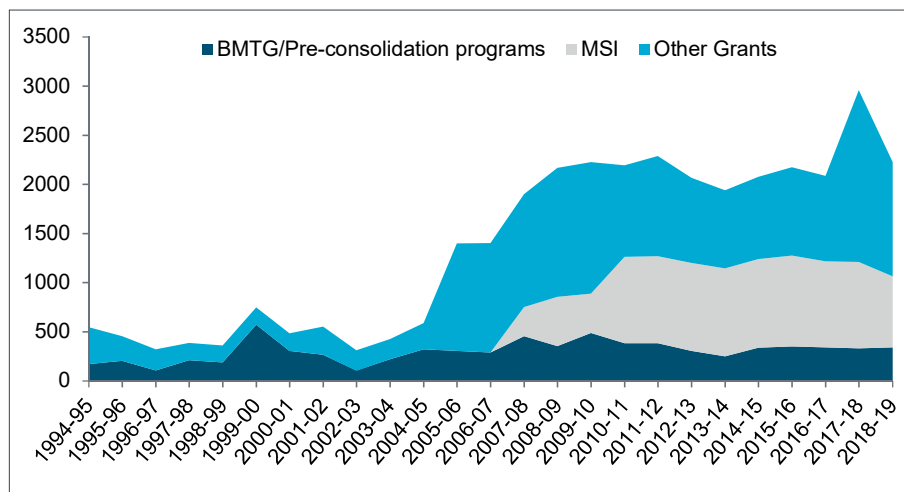
- \$6.9 billion for direct municipal support with an intent to adjust provincial spending to recognize the current fiscal environment and allow for some gainsharing as provincial revenues improve.
- \$2.9 billion for roads and bridges.
- \$2.9 billion for health facilities.
- \$1.8 billion for schools.
- \$3.6 billion for capital maintenance and renewal of public infrastructure.
- \$476 million for family social supports and housing.
- \$463 million for post-secondary infrastructure.

The plan includes federal funding for capital programs. It also includes \$2.5 billion in self-financed capital by Alberta Health Services, school boards and post-secondary institutions for ancillary and other projects.

Capital spending in Alberta averaged \$7 billion per year over the past decade. It is expected to average over \$6 billion in this plan, to recognize two elements in the MacKinnon report – infrastructure in Alberta is generally newer than other provinces, and that municipal infrastructure grants are high.

### Historical Municipal Grants in Alberta

(\$ millions)



**Note:** Basic Municipal Transportation Grant (BMTG), Municipal Sustainability Initiative (MSI)

**Source:** Treasury Board and Finance

Government is working to formalize and improve transparency regarding capital planning and project reporting. This will honour Auditor General recommendations as well as platform commitments to support stable infrastructure funding.

## Keeping Our Commitments to Albertans

*Budget 2019* demonstrates government's commitment to job creation and investing in public service delivery and infrastructure in a financially sustainable way. Many of the government's platform commitments are also included.

Along with the key commitments already identified, this budget supports:

- Fighting for Alberta by promoting our clean energy, dispelling agriculture myths and providing litigation support for pro-development Indigenous communities.
- Implementing the TIER program to support new climate technologies.
- Combatting mountain pine beetle with an additional \$20 million over four years.
- Introducing the Aboriginal Indigenous Opportunities Corporation to help Indigenous communities become partners in prosperity through resource development.
- Supporting Alberta's land trust program with an additional \$20 million over four years.
- Establishing a civil society fund of \$20 million to help community groups expand and thrive.
- Increasing funding for Alberta Law Enforcement Response Teams by up to \$50 million over four years.
- Hiring 50 new prosecutors and supporting programs to reduce rural crime.
- Increasing access to Drug Treatment Courts.
- Creating the Heroes Fund, Veterans Scholarship of Honour and supporting first responders with \$13 million.

## Energy and Economic Assumptions

The *Budget 2019* outlook is prudent, with forecasts for energy prices, the main revenue driver, below the average of private sector forecasts. Real GDP growth is forecast to slow to 0.6 per cent in 2019 reflecting market access challenges. With business investment and exports picking up and the labour market gradually strengthening, real GDP growth is forecast to rebound over the medium term, averaging three per cent between 2021 and 2023. Despite the improvement, the budget forecast is consistent with a prolonged recovery. Real GDP is not expected to return to 2014 levels until 2020 and the economy is not assumed to reach full employment until 2023.

Business investment will drive Alberta's growth. Reductions in the corporate income tax rate will make Alberta among the most attractive investment destinations in North America by 2022. This, along with improved market access, will set the stage for improved investment.

Solid fundamentals, including a relatively young and fast-growing population, will also support Alberta's growth.

Although growth prospects are solid, external risks are high for Alberta's trade- and energy-driven economy. Geopolitical risks, including increased trade protectionism and heightened policy uncertainty, affect global trade, investment and commodity prices.

Government is monitoring these key activities. This budget presents a balanced approach calibrated to a reasonable revenue forecast but, should the risks noted materially affect revenues, the fiscal plan will have to be revisited in light of the commitment to balance the budget by 2022-23.

The previous government's Path to Balance assumed higher oil prices resulting in approximately \$800 million in extra royalties in 2022-23.

### Energy and Economic Assumptions

	2017-18 Actual	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target	
WTI Oil (US\$/bbl)	53.69	62.77	<b>57.00</b>	58.00	62.00	63.00	
Light-Heavy Differential (US\$/bbl)	14.40	23.31	<b>14.20</b>	18.40	21.00	17.10	
WCS@Hardisty (Cdn\$/bbl)	50.38	51.65	<b>56.60</b>	52.10	54.00	59.70	
Natural Gas (Cdn\$/GJ)	1.82	1.34	<b>1.30</b>	1.60	1.90	2.00	
Conventional Crude Oil Production (000s barrels/day)	456	489	<b>490</b>	501	509	511	
Raw Bitumen Production (000s barrels/day)	2,804	3,008	<b>3,108</b>	3,266	3,424	3,534	
Exchange Rate (US\$/Cdn\$)	78.0	76.3	<b>75.0</b>	76.0	77.0	78.0	
Interest Rate (10-year Canada bonds, %)	1.91	2.19	<b>1.50</b>	1.90	2.10	2.20	
	<b>2017a</b>	<b>2018e</b>	<b>2019f</b>	<b>2020f</b>	<b>2021f</b>	<b>2022f</b>	<b>2023f</b>
Real GDP (% change)	4.4	2.2	<b>0.6</b>	2.7	2.9	3.0	3.0
Employment (% change)	1.0	1.9	<b>0.9</b>	1.6	2.0	2.2	2.1
Unemployment Rate (%)	7.8	6.6	<b>6.7</b>	6.5	6.0	5.5	5.2
Primary Household Income (% change)	3.0	4.5	<b>3.2</b>	4.3	5.0	5.3	5.6
Net Corporate Operating Surplus (% change)	247.5	16.4	<b>8.3</b>	(5.1)	17.1	14.0	15.4
Alberta Consumer Price Index (% change)	1.6	2.4	<b>1.7</b>	1.8	1.9	2.0	2.0
Population (% change)	1.1	1.5	<b>1.6</b>	1.6	1.7	1.9	2.0



## Risk Management

“Cuts around the edges won’t get Alberta back to a sustainable balanced budget. The government needs to make a difficult but necessary fiscal course correction immediately to return the province to fiscal health over the medium to long term.”  
MacKinnon Panel

The approach to spending takes into account the latest information on the economy and fiscal outlook for the forecast period. Alberta’s revenues are volatile, so prudence is important to support the plan to return to balanced budgets.

Risks will be monitored and mitigated where possible and the government is committed to transparency. Risks include delays to market access, trade pressures, service demands due to population growth, and labour costs. Weather and natural disasters can also significantly affect government’s spending.

In *Budget 2019*, built-in levels of prudence include:

- Introducing a voted contingency as recommended by the MacKinnon Panel. This includes funding for emergencies and disasters at a substantially higher rate than in past budgets, and more in line with average provincial spending for wildfires, floods and agricultural disasters.
- Using a realistic revenue forecast. Given Alberta’s volatility, economic scenarios have been developed in *Budget 2019* to illustrate the risk associated with alternative outcomes.
- Introducing formal, ongoing spending reviews to ensure programs are delivered effectively and with due regard for value for taxpayers.
- Adding a revenue forecast allowance of \$450 million in the last year. This is in keeping with the MacKinnon Panel recommendation to build a buffer into revenue once the budget is balanced.

## Deficit and Debt

*Budget 2019* addresses the full four years of this government’s mandate. This demonstrates our commitment to the mandate chosen by Albertans and to public discourse on the transformational changes needed to improve Alberta’s fiscal situation and service delivery.

Some say we should increase taxes. But the evidence clearly shows that Alberta spends far more than other provinces. By getting government spending in line with that of other provinces, *Budget 2019* demonstrates to Albertans and credit agencies that this government is serious about the long-term financial health of Alberta.

### Cash Management Improvements

The most important step in slowing, and ultimately reversing, the growth of Alberta’s debt and interest cost is to balance the budget. In *Budget 2019*, government is also improving how it manages its cash resources. This includes:

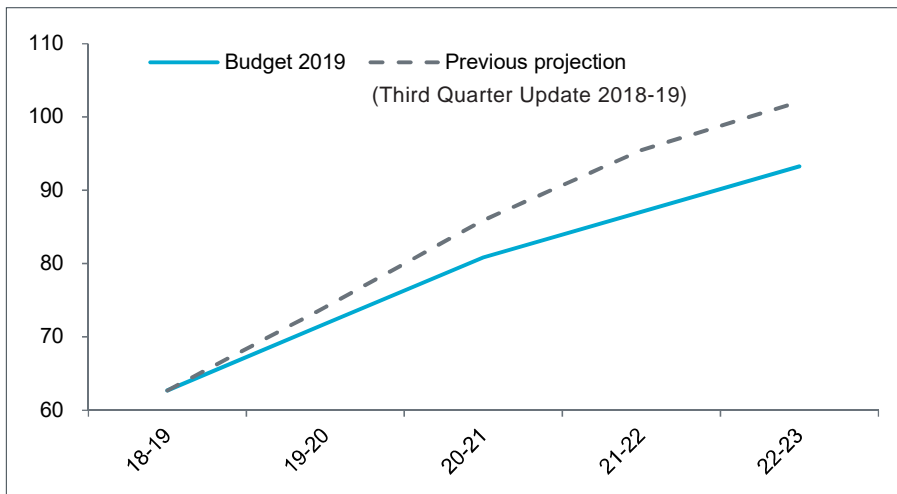
- Judiciously using accumulated cash reserves as highlighted by past Auditor General recommendations, particularly for school boards (\$392 million in accumulated reserves from operations and \$226 million in capital reserves).

- Eliminating five regulated funds to reduce administration and debt servicing. Savings are an estimated \$13 million in debt servicing costs. The funds' intents will be honoured and spending will continue as planned.
- Consolidating investment funds managed in the public sector to lower costs and achieve significant and necessary economies of scale that will protect the funds and government and protect returns to pensioners.

## Debt and Debt Servicing

Under the previous government's plan, taxpayer supported debt was forecast to rise to \$97.1 billion by the end of 2022-23, and debt servicing costs were projected to almost double to \$3.4 billion. Under the new fiscal plan, while debt and debt servicing costs will continue to rise until budget deficits are eliminated over the next four years, they will rise at a much slower pace. Taxpayer supported debt is now forecast to be \$93.3 billion at the end of 2022-23 and debt servicing costs are projected to be \$3.0 billion during that year.

### Taxpayer Supported Debt (\$ billions)



**Source:** Treasury Board and Finance

Once the deficit is eliminated, we will continue to be prudent and implement measures to pay down debt, as recommended by the MacKinnon Panel. We will not saddle our grandchildren with unnecessary costs because we did not address the fiscal challenges before us.

# Budget 2019 Fiscal Summary

## Budget 2019 Fiscal Summary

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Revenue</b>					
Income and Other Taxes	23,578	21,933	23,036	24,473	25,930
Resource revenue – Bitumen royalties	3,214	4,682	3,492	4,470	6,131
Resource revenue – other	2,215	1,845	1,894	2,268	2,460
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Premiums, Fees and Licences	3,911	3,872	4,047	4,131	4,241
Other	3,759	3,482	3,472	3,473	3,446
<b>Total</b>	<b>49,624</b>	<b>50,016</b>	<b>50,079</b>	<b>53,629</b>	<b>57,543</b>
<b>Expense</b>					
Operating expense	48,434	48,199	47,335	47,179	47,095
% change from 2018-19		(0.5)%	(2.3)%	(2.6)%	(2.8)%
Disaster assistance	507	636	-	-	-
Capital grants	1,952	2,086	1,957	1,999	2,024
Amortization / disposal loss / inventory consumption	3,651	3,691	3,775	3,848	3,875
Debt servicing costs	1,971	2,265	2,520	2,780	3,013
Pension provisions	(190)	(337)	(375)	(324)	(248)
<b>Total</b>	<b>56,329</b>	<b>56,540</b>	<b>55,212</b>	<b>55,482</b>	<b>55,759</b>
<b>Surplus / (deficit) before provisions and allowances</b>	<b>(6,705)</b>	<b>(6,524)</b>	<b>(5,133)</b>	<b>(1,853)</b>	<b>1,784</b>
Crude-by-rail provision	6	1,500	-	-	-
Contingency / unallocated disaster assistance	-	680	750	750	750
Revenue forecast allowance	-	-	-	-	450
<b>Surplus / (deficit)</b>	<b>(6,711)</b>	<b>(8,704)</b>	<b>(5,883)</b>	<b>(2,603)</b>	<b>584</b>

BUDGET 2019

GOVERNMENT OF ALBERTA | 2019–23

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# Fiscal Plan

## Economic Outlook

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# Key Energy and Economic Assumptions

Fiscal Year Assumptions	2017-18 Actuals	2018-19 Actuals	2019-20	2020-21	2021-22	2022-23
<b>Crude Oil Prices<sup>a</sup></b>						
WTI (US\$/bbl)	53.69	62.77	57.00	58.00	62.00	63.00
Light-Heavy Differential (US\$/bbl)	14.40	23.31	14.20	18.40	21.00	17.10
WCS @ Hardisty (Cdn\$/bbl)	50.38	51.65	56.60	52.10	54.00	59.70
<b>Natural Gas Price<sup>a</sup></b>						
Alberta Reference Price (Cdn\$/GJ)	1.82	1.34	1.30	1.60	1.90	2.00
<b>Production</b>						
Conventional Crude Oil (000s barrels/day)	456	489	490	501	509	511
Raw Bitumen (000s barrels/day)	2,804	3,008	3,108	3,266	3,424	3,534
Natural Gas (billions of cubic feet)	4,211	4,158	4,108	4,114	4,116	4,065
<b>Interest Rates</b>						
3-month Canada Treasury Bills (%)	0.85	1.50	1.60	1.50	1.70	1.70
10-year Canada Bonds (%)	1.91	2.19	1.50	1.90	2.10	2.20
<b>Exchange Rate (US\$/Cdn\$)<sup>a</sup></b>	78.0	76.3	75.0	76.0	77.0	78.0

Calendar Year Assumptions	2017 Actuals	2018 Estimates	2019	2020	2021	2022	2023
<b>Gross Domestic Product</b>							
Nominal (billions of dollars)	331.9	348.4	360.5	369.6	391.3	414.1	440.3
% change	10.0	5.0	3.5	2.5	5.9	5.8	6.3
Real (billions of 2012 dollars)	336.8	344.2	346.3	355.7	366.1	377.2	388.5
% change	4.4	2.2	0.6	2.7	2.9	3.0	3.0
<b>Other Indicators</b>							
Employment (thousands)	2,287	2,331 <sup>b</sup>	2,352	2,390	2,438	2,492	2,546
% change	1.0	1.9 <sup>b</sup>	0.9	1.6	2.0	2.2	2.1
Unemployment Rate (%)	7.8	6.6 <sup>b</sup>	6.7	6.5	6.0	5.5	5.2
Average Weekly Earnings (% change)	1.0	1.7 <sup>b</sup>	1.8	2.8	3.2	3.5	3.8
Primary Household Income (% change)	3.0	4.5	3.2	4.3	5.0	5.3	5.6
Net Corporate Operating Surplus (% change)	247.5	16.4	8.3	-5.1	17.1	14.0	15.4
Housing Starts (thousands of units)	29.5	26.1 <sup>b</sup>	24.5	27.3	29.7	32.8	35.0
Alberta Consumer Price Index (% change)	1.6	2.4 <sup>b</sup>	1.7	1.8	1.9	2.0	2.0
Retail Sales (% change)	7.1	2.0 <sup>b</sup>	0.9	3.9	4.3	5.0	5.9
Population (thousands)	4,244	4,307 <sup>c</sup>	4,378 <sup>c</sup>	4,449	4,526	4,614	4,707
% change	1.1	1.5 <sup>c</sup>	1.6 <sup>c</sup>	1.6	1.7	1.9	2.0
Net Migration (thousands)	16.8	32.5 <sup>c</sup>	40.9 <sup>c</sup>	42.6	47.4	59.5	65.0

<sup>a</sup> Forecasts have been rounded

<sup>b</sup> Actual

<sup>c</sup> Alberta Treasury Board and Finance estimate. Figures do not reflect the actuals released by Statistics Canada on September 30, 2019.

## Economic Outlook 2019–23

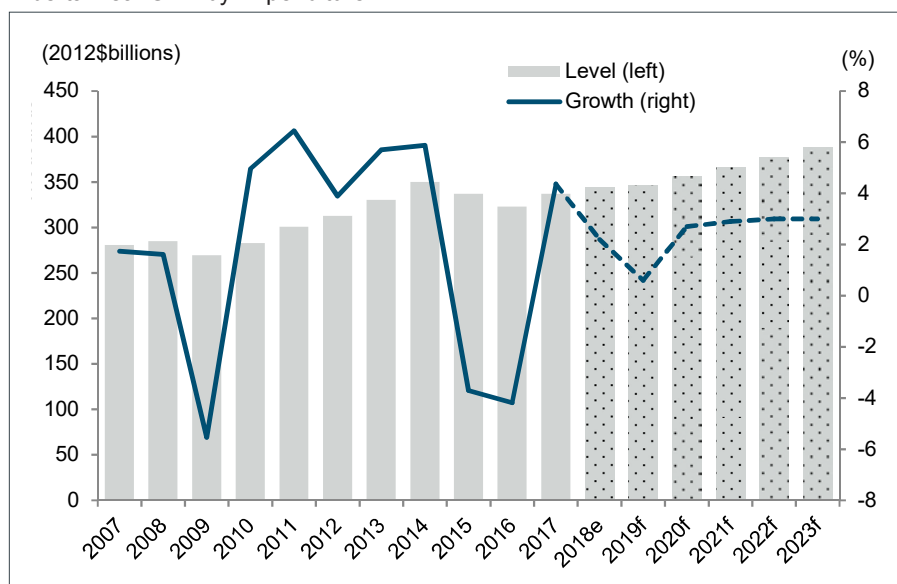
The Alberta economy continues to recover from the 2015-16 recession, the worst on record. However, momentum faded in late 2018 amid chronic pipeline delays and a slowing global economy. Real GDP growth is forecast to slow to 0.6 per cent in 2019 following an estimated 2.2 per cent increase in 2018. With business investment picking up, real GDP is expected to rebound. It is forecast to grow 2.7 per cent in 2020 and 3.0 per cent over the medium term (Chart 1). Growth will also be supported by solid exports and a gradual improvement in the labour market.

As the economy moves from recovery into expansion, private domestic demand will underpin Alberta's growth. Reductions in the corporate income tax rate will put Alberta among the most attractive investment destinations in North America by 2022. This, along with improved market access, will set the stage for increasing investment and employment. A relatively young and fast-growing population will also support Alberta's growth.

Despite an improved medium-term outlook, *Budget 2019* does not assume a quick rebound. Real GDP will not return to pre-recession levels until 2020, and the unemployment rate will not reach its 20-year average of around 5 per cent until 2023. While business investment is expected to improve, it will still be around 70 per cent of pre-recession levels by the end of the forecast period. In addition, external risks remain high. Geopolitical risks, including increased trade protectionism and policy uncertainty, are weighing on global growth prospects and oil prices. Regulatory and political challenges continue to hamper progress in building pipelines for Alberta's energy products. This poses risks for Alberta's economy, and also for Canada's.

**Chart 1: Alberta economy moves into expansion**

Alberta Real GDP by Expenditure



**Sources:** Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance, e-estimate, f-forecast

Alberta's economic expansion will be led by a resurgence in investment and supported by solid fundamentals.



## Global Economy

*Economic activity has slowed across many of the world's economies in 2019. This has dampened global growth expectations. The International Monetary Fund (IMF) recently downgraded its forecast for 2019 global real GDP growth to 3.0 per cent, 0.7 percentage points lower than forecast this time last year. However, current uncertainty on the trade and policy fronts is expected to dissipate, and the global economy is anticipated to avoid recession and see growth pick up over the medium term. The IMF forecasts global real GDP growth to climb to 3.4 per cent in 2020 and hover around 3.6 per cent over the forecast horizon.*

### Short-term uncertainty holding back growth

#### *U.S., China elevate trade rhetoric to action*

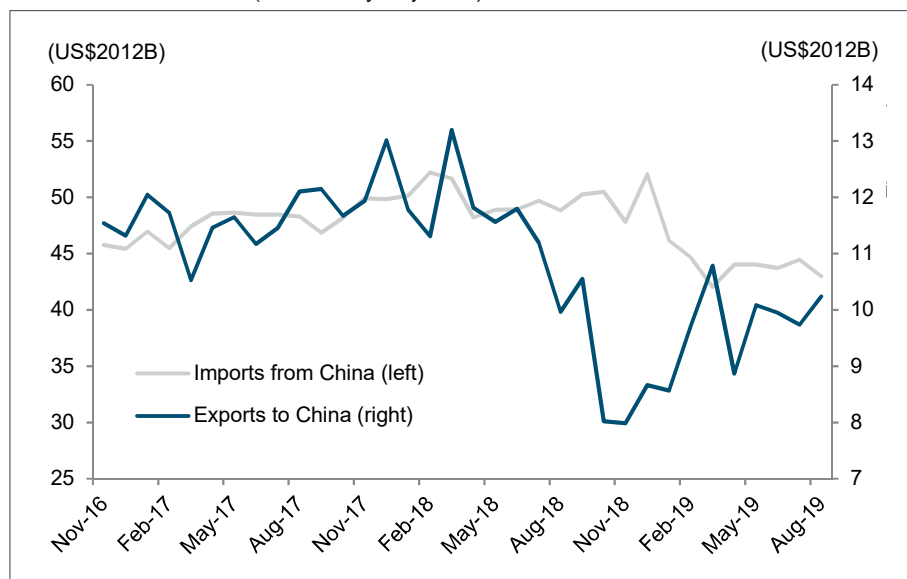
U.S. and China trade relations began to deteriorate markedly in mid-2018 as the U.S. advanced a protectionist trade policy. This led to slowing trade between the two countries (Chart 2). As of the end of August, the U.S. had imposed tariffs on US\$550 billion worth of Chinese products; China responded with tariffs on US\$185 billion worth of U.S. products. The trade row is weighing on investment globally as corporations have become wary of slowing demand and the sustainability of investing in global supply chains.

Uncertainty on the global trade and investment fronts has hit manufacturing output particularly hard. The second quarter of 2019 saw China manufacturing grow at the slowest pace since early 2002. U.S. manufacturing shipments fell in the first two quarters of 2019, while German real manufacturing shipments declined 3 per cent between January and August.

### Chart 2: U.S.-China trade slowing

U.S. Trade with China (Seasonally Adjusted)

U.S.-China trade flows have fallen amid the ongoing trade rift.



**Sources:** U.S. Census Bureau, U.S. Bureau of Labor Statistics, Haver Analytics and Alberta Treasury Board and Finance

The U.S.-China trade rift and associated global impacts has led many analysts to downgrade 2019 and 2020 global trade growth projections. The latest World Trade Organization (WTO) outlook has global merchandise trade volumes growing a paltry 1.2 per cent in 2019, the slowest pace in a decade. Near-term resolution of outstanding issues, though, should help accelerate trade growth to 2.7 per cent in 2020. Over the medium term, this rate of growth is anticipated to climb gradually.

### *Brexit unknowns contributing to EU weakness*

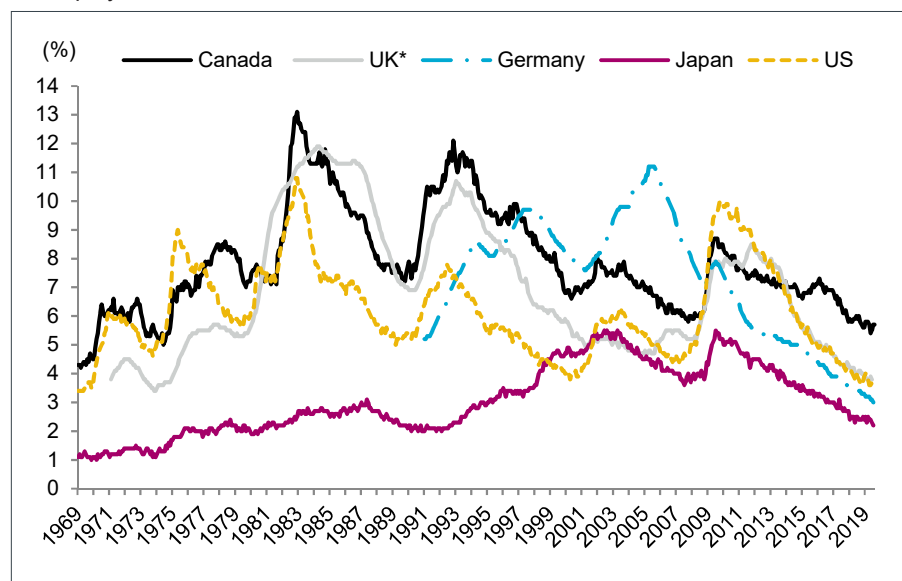
In Europe, uncertainty over the U.S.-China trade dispute is being compounded by a lack of clarity over Brexit, the exit of the United Kingdom (UK) from the European Union (EU). Consumption and investment indicators broadly held up through the first half of 2019 in much of Europe, but growth is slowing. Brexit uncertainty is expected to weigh on these variables and exacerbate the weakness in manufacturing and trade associated with U.S.-China relations. As with global trade, policy clarity on Brexit is expected to emerge in 2020, leading to an acceleration in Euro Area growth from 1.2 per cent in 2019 to 1.4 per cent in 2020, that will carry into the medium term.

### **Households providing support**

Labour markets and consumer spending are a bright spot across many economies. These areas of strength are expected to provide a bridge of support to global economic activity until trade and foreign policy uncertainty dissipate.

Unemployment rates in many major economies, including those facing the most risks, are at multi-year, if not decade, lows (Chart 3). All this is occurring alongside steady labour force growth. As a consequence, household economic

**Chart 3: Labour markets remain strong**  
Unemployment Rates in Select Advanced Economies



U.S., Canada and UK unemployment rates are at the lowest levels in 40-50 years, while Germany's is at lowest since at least the fall of the Berlin Wall. Japan's rate is at a generational low.

**Sources:** Statistics Canada, U.S. Bureau of Labor Statistics, Statistical Office of the European Communities, Japan Ministry of Health, Labour and Welfare and Haver Analytics  
\* Based on 3-month moving average.

activity has been robust, especially in the U.S. With growth accelerating in each of the last four months, retail sales south of the border were up 3.3 per cent year-to-date, while housing starts reached a 12-year high in August.

Consumer strength will also support growth in emerging markets. The IMF continues to see developing Asia experiencing robust growth near 6 per cent through their forecast horizon, even as growth in China slows due to the shift from an export-driven to a consumption-driven economy.

### Medium-term outlook remains promising

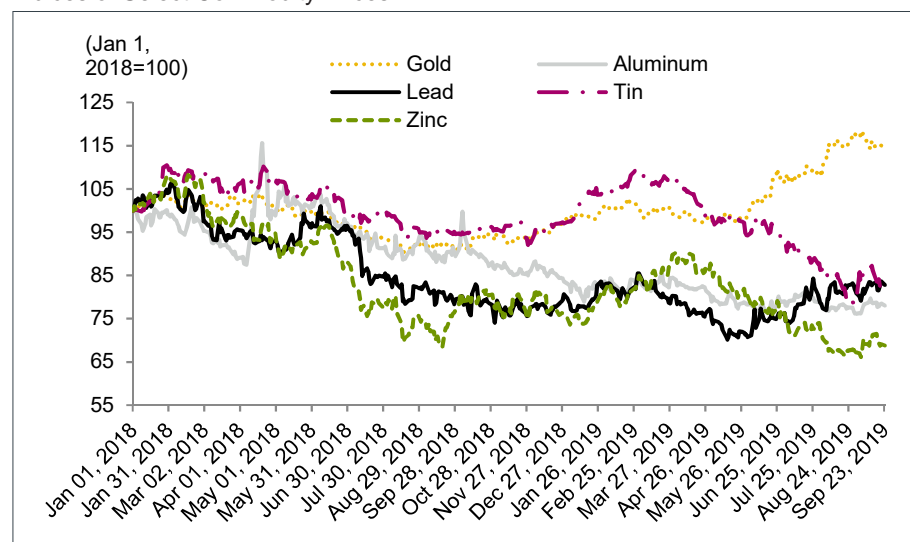
With continued consumer strength and reduced policy uncertainty in 2020, medium-term growth expectations remain unchanged and positive, even with weaker near-term projections. Broadly speaking, most advanced economies are expected to see growth accelerate in 2020, except the U.S.. Tax rate reductions contributed to strong labour and consumption performance in the first half of 2019 that positioned the U.S. to record robust growth of nearly 2.5 per cent for the year. As the impact of fiscal policy dissipates, growth in the U.S. is expected to slow slightly in 2020 and over the forecast horizon. The Philadelphia Federal Reserve's Survey of Professional Forecasters sees U.S. GDP growth for 2020 at 1.9 per cent and close to 2 per cent through 2022.

### Commodity prices reflect current weakness

The slowdown in manufacturing and higher investment uncertainty has led to a general softening in commodity prices. While there has been some rebound in lead and nickel prices of late, safe haven gold has appreciated on geopolitical uncertainty. Base metal prices have been trending markedly lower since the beginning of 2019 (Chart 4), and oil prices have followed suit since early spring.

**Chart 4: Commodities reflecting manufacturing weakness**

Indices of Select Commodity Prices



Sources: Wall Street Journal, London Metal Exchange and Haver Analytics

Slowing trade is reflected in commodity prices; base metal prices are declining with manufacturing woes, while gold, a safe haven asset, has strengthened.

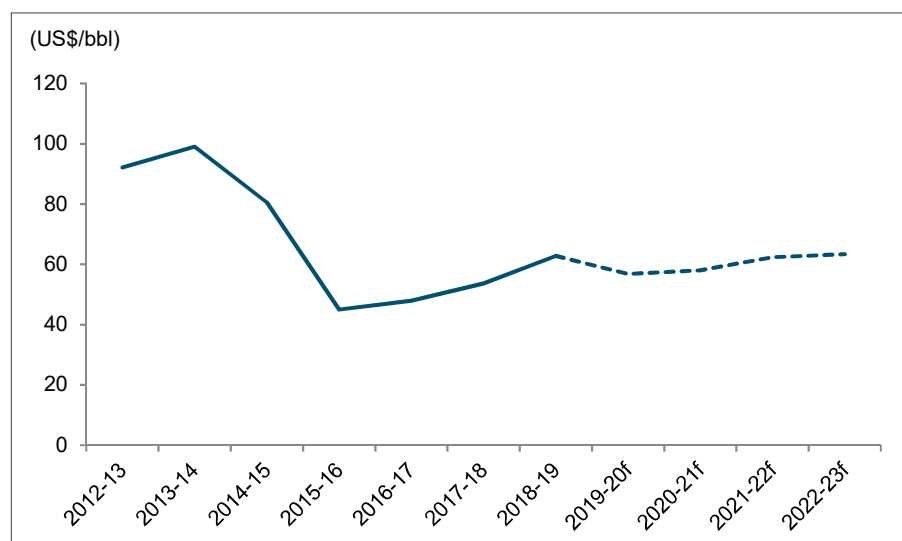
### *Modest improvement in oil prices following short-term volatility*

Benchmark West Texas Intermediate (WTI) prices have been volatile this year, with the focus in oil markets shifting from oversupply to demand weakness. Organization of Petroleum Exporting Countries (OPEC), primarily Saudi Arabia, has adhered strongly to production cuts, but ongoing concerns about the global economy have weakened WTI prices. Global oil demand growth has slowed, but is expected to stabilize next year as trade tensions and fears about an economic slowdown dissipate. On the supply side, even if OPEC stays the course into 2020, with or without U.S. sanctions on Iran, continued growth in non-OPEC supply will keep a lid on prices.

WTI prices are expected to remain between US\$50/bbl and US\$60/bbl in the short term. WTI for 2019-20 is forecast to average US\$57/bbl, increasing marginally to average US\$58/bbl in 2020-21 (Chart 5). Over the medium term, demand is anticipated to improve, but ample supply will keep prices constrained to the low to mid US\$60/bbl range.

**Chart 5: Muted outlook for oil prices**

West Texas Intermediate



**Source:** Alberta Treasury Board and Finance; f-forecast

Oil demand is expected to pick up, but ample supply will keep prices contained over the medium term.

## Monetary policy easing

Near-term economic weakness is putting downward pressure on long-term bond yields and pushing central banks to adopt more accommodative monetary policy. Some jurisdictions are seeing yield curves invert and others are facing negative interest rates (Chart 6). That position is expected to remain in the short term. The U.S. Federal Reserve already reduced its target overnight interest rate range twice this year, while Brazil, India, Russia, Mexico, New Zealand, Australia and several smaller countries have also reduced their key central bank rates.

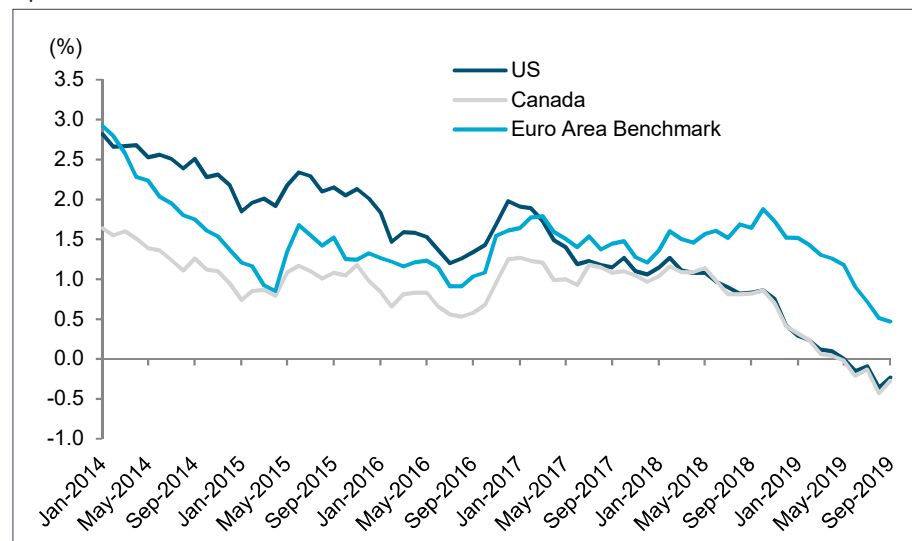
The Bank of Canada (BoC) has been an outlier among central banks so far this year in holding its key overnight rate steady. However, given the current slowdown and risks in the global economy, the BoC is expected to cut its key policy rate in the near term. As the economy gains some momentum over the medium term, interest rates are expected to rise gradually but remain accommodative. The 10-year rate is forecast to reach 2.2 per cent by 2022-23.

The relative strength in Canadian bond yields, a resilient Canadian economy, and energy market improvements are expected to lift the Loonie throughout the forecast horizon. The exchange rate is expected to average 0.75US¢/Cdn\$ in 2019-20 and 0.76US¢/Cdn\$ in 2020-21, climbing to 0.78US¢/Cdn\$ by 2022-23.

Slowing global growth and weaker market sentiment are putting downward pressure on long-term bond yields.

### Chart 6: Yield curves inverting

Spread Between Select 10-Year and 3-Month Bond Yields



**Sources:** Bank of Canada, U.S. Treasury Department, European Central Bank, Haver Analytics and Alberta Treasury Board and Finance

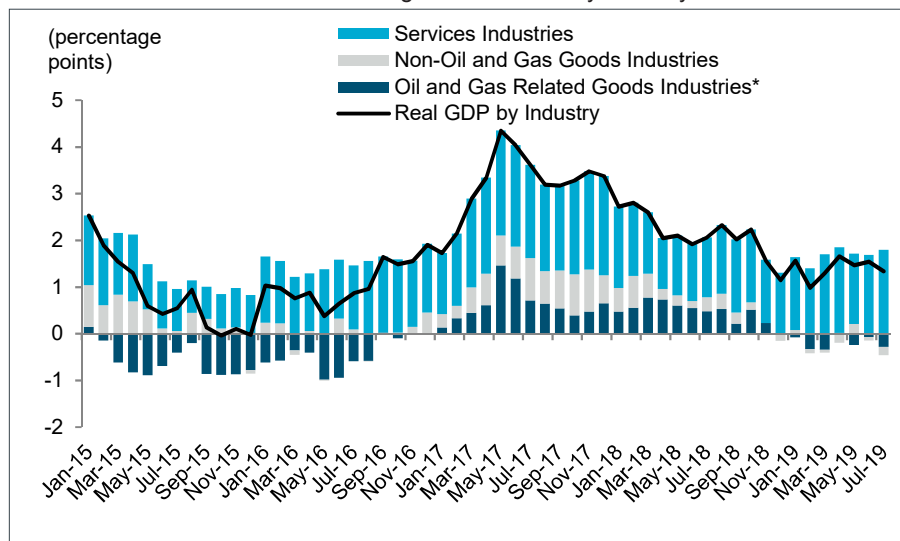
## Canadian economy resilient

Canada is contending with similar headwinds as the rest of the world, but challenges unique to the country are fading. Trade issues and weakness in Alberta's energy sector and Canada's housing sector weighed on growth in the first quarter of 2019. However, a pick-up in residential investment and exports, helped by crude oil shipments, contributed to a significant uptick in the second quarter. Canada's labour market remains strong, with employment growth above 2 per cent year-to-date and the unemployment rate at 5.5 per cent. Overall, Canadian real GDP is expected to grow 1.4 per cent in 2019.

Growth is expected to advance in 2020 to 1.8 per cent. This is partly due to an improvement in Alberta's economy and rebound in oil production (see box on page 39 for more on the energy sector and Alberta's role in the Canadian economy). Less trade uncertainty, continued strong immigration, and investment will drive growth. In addition, increased consumer spending and housing market stabilization under a more accommodative monetary policy are also anticipated to help the national economy. Over the medium term, growth is forecast to remain just under 2 per cent.

**Chart 7: Slowdown in energy sector weighs on Canadian economy**

Contribution to Year-Over-Year Change in Real GDP by Industry



Global trade woes and energy sector slowdown holding back Canadian economic growth.

**Sources:** Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance

\* Oil and gas extraction, support services for mining, oil and gas and engineering construction.

## Alberta Economy

*Market access delays and mounting uncertainty in the global economy are prolonging the recovery in Alberta's economy. Real GDP is now forecast to grow 0.6 per cent in 2019, much slower than in the previous two years. Growth is set to resume at a solid pace beyond 2019, as lower corporate income tax rates and easing market access constraints lead to a broad-based improvement in investment. This will support a stronger labour market and population growth.*

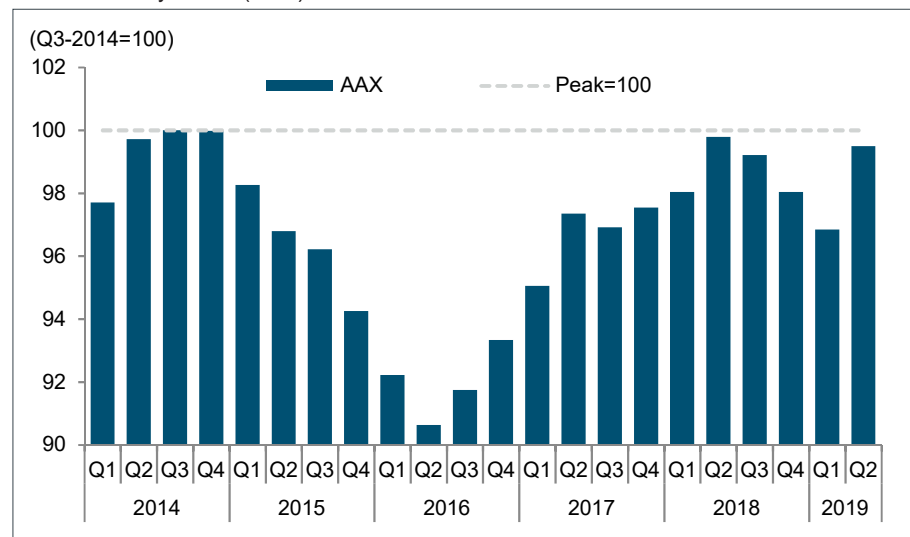
### Pipeline constraints hinder short-term growth

The Alberta economy is slowly regaining its footing after activity slowed sharply in late 2018 and early 2019. This was due to crude transportation bottlenecks and unprecedented discounts for Alberta crude, which led to government-mandated oil production limits. The Alberta Activity Index, a measure of provincial economic activity, rose 2.7 per cent in the second quarter after hitting a trough in the first quarter of 2019 (Chart 8). Manufacturing and services are propping up growth this year. However, activity is expected to increase only modestly due to the delay in Enbridge's Line 3 pipeline, increased uncertainty about the global economy and weak energy investment. The Alberta economy is forecast to grow at a tepid pace of 0.6 per cent after rising an estimated 2.2 per cent in 2018. With slower growth, the economy is not expected to move into expansion until 2020, when real GDP surpasses pre-2015-16 recession levels. This marks the longest recovery from a downturn on record in Alberta.

Provincial economic activity bounced back in the second quarter of 2019.

**Chart 8: Provincial activity rebounds**

Alberta Activity Index (AAX)



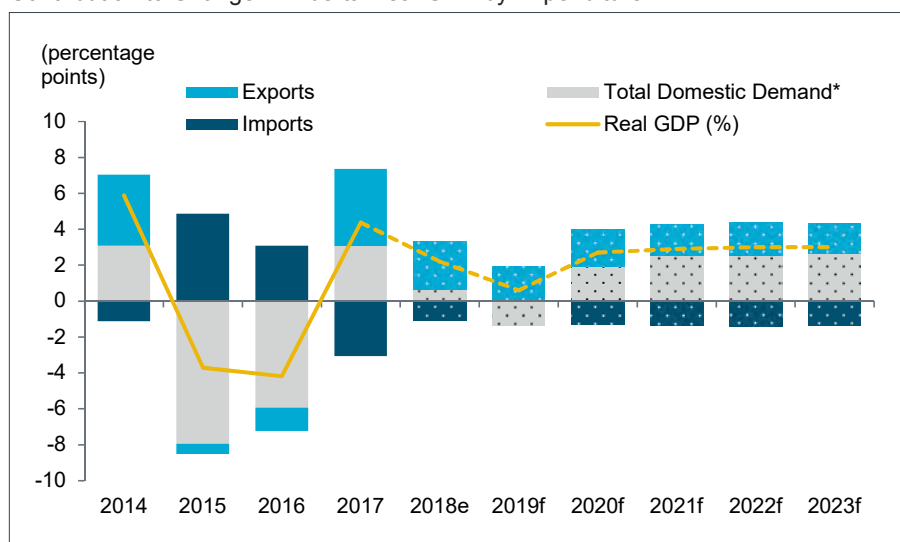
Source: Alberta Treasury Board and Finance

## Domestic demand to lead expansion

After slowing in 2019, the Alberta economy is set to expand at a solid pace. Stronger private domestic demand and solid exports will underpin growth (Chart 9). In 2020, real GDP is forecast to grow by 2.7 per cent as oil production rebounds amid rising production limits. Business investment, which has been a drag on the economy since 2015, will start contributing to growth. It is expected to rise 4 per cent on the back of a modest turnaround in oil and gas investment and strong investment in other industries. Sentiment is also expected to improve as investment picks up, boosting employment and consumer spending. These will help offset the pullback in government spending.

**Chart 9: Investment to fuel growth in domestic demand**

Contribution to Change in Alberta Real GDP by Expenditure



**Sources:** Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; e-estimate, f-forecast

\* Includes total household, business, and government spending

Growth will become increasingly driven by domestic demand as the economy moves from recovery to expansion.

Over the medium term, a lower corporate tax burden and easing transportation constraints will set the stage for gains in both energy and non-energy investment. With corporate profits in the province increasing by around \$26 billion between 2020 and 2023, non-residential business investment is expected to rise by almost \$12 billion over the same period. Even with the strong recovery, both corporate profits and investment will remain below 2014 levels by the end of the forecast period.

Along with the resurgence in investment, rising oil production and manufacturing capacity expansions will support exports. A pick-up in population growth and a stronger labour market will also boost consumer spending and residential investment. Real GDP growth is forecast to accelerate, averaging 3.0 per cent from 2021 to 2023, before moving closer to Alberta's potential growth rate of around 2.4 per cent over the longer term.



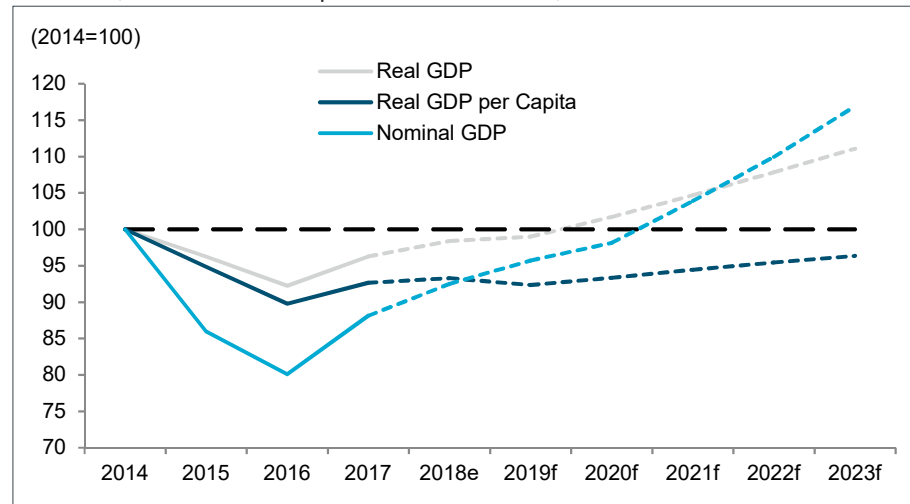
## A prolonged recovery

Despite the full recovery in economic output next year, the lingering effects of the downturn will continue to be felt in parts of the economy. The economy is not expected to reach full employment until the end of the forecast period, when the unemployment rate is forecast to average 5.2 per cent. Real GDP per capita, a measure of standard of living, is not anticipated to fully recover over the forecast horizon. Nominal GDP, a broad measure of income, will also see a more prolonged recovery, in line with the muted outlook for oil prices (Chart 10).

Some economic indicators will lag behind the recovery in economic output.

**Chart 10: Delayed recovery in per capita and nominal GDP**

Real GDP, Real GDP Per Capita and Nominal GDP, Indexed to 2014 Peak



**Sources:** Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; e-estimate, f-forecast

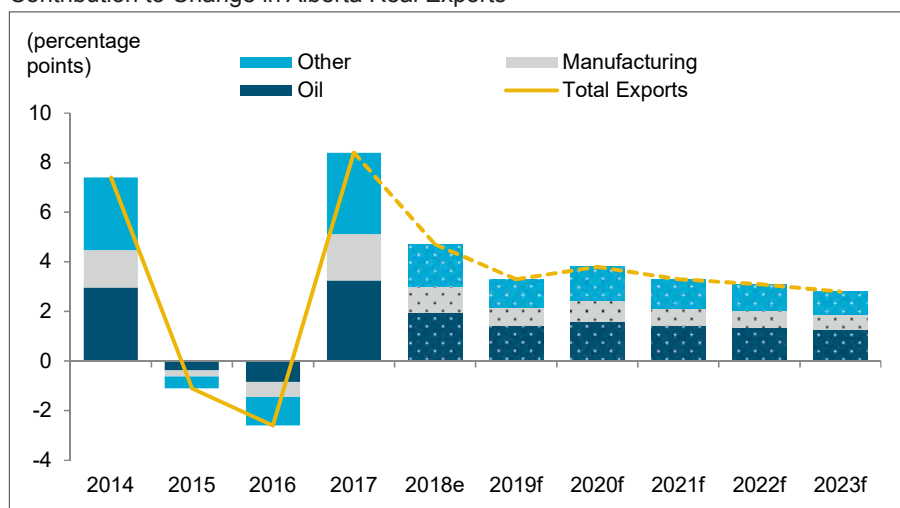
## Exports a linchpin of growth

Exports continue to be a key driver of Alberta's economic growth. A weak Canadian dollar and solid U.S. economy are supporting manufacturing exports this year, which are forecast to increase 4.5 per cent in real terms. Crude oil production continues to expand at a moderate pace. Government-mandated oil production limits have risen by 250,000 barrels per day (bpd) since January, while crude-by-rail shipments have rebounded. Real oil exports and total exports are estimated to grow just over 3 per cent. In 2020, pipeline debottlenecking and rising rail shipments will boost crude oil production by around 178,000 bpd. This should lift overall growth in real exports to 3.8 per cent (Chart 11).

Over the medium term, growth in oil production is projected to moderate. Around 197,000 bpd are expected to be added between 2021 and 2023, largely driven by a number of in-situ expansions coming on line. This will bring Alberta's crude oil production to nearly 4.1 million bpd by the end of the forecast period and maintain Canada's position as one of the world's largest oil producers.

### Chart 11: Oil a major driver of export growth

Contribution to Change in Alberta Real Exports



Sources: Statistics Canada and Alberta Treasury Board and Finance; e-estimate, f-forecast

Exports will continue to be a key driver of growth, supported by rising oil production and expanding manufacturing capacity.

Manufacturing capacity expansions and continued demand for agri-food, machinery and equipment, and forestry products will also boost overall exports over the medium term. This, along with rising crude oil production, will lift average growth in real overall exports to nearly 3 per cent between 2021 and 2023.

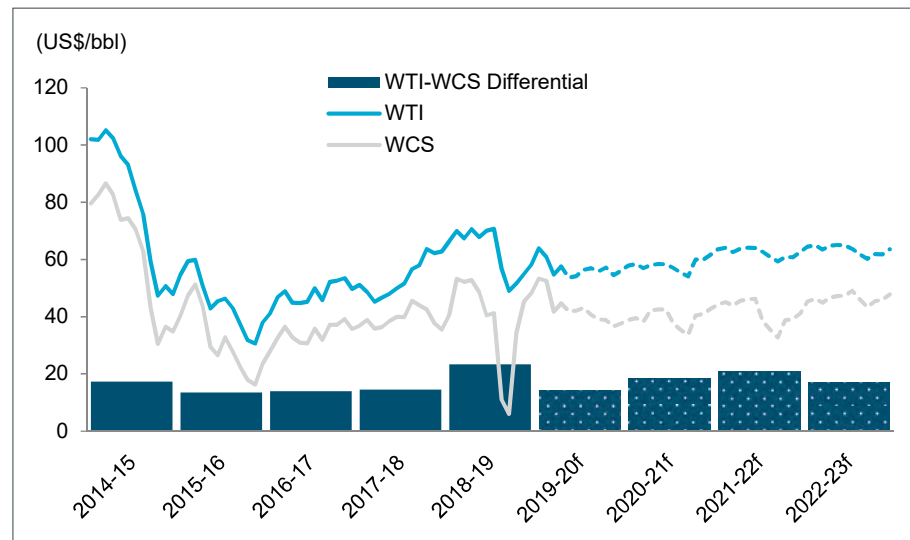
### Market access challenges a drag on Alberta prices

While ongoing production limits are weighing on real GDP this year, they are keeping the price discount between WTI and Alberta's heavy oil benchmark WCS in a narrow range. The light-heavy differential is forecast to average US\$14.20/bbl in 2019-20, boosting corporate profits for energy producers. The differential is then expected to increase by about US\$4/bbl to US\$18.40/bbl in 2020-21. This reflects the higher cost of transporting crude by rail. At the same time, new sulphur regulations for marine fuels by the International Maritime Organization (IMO) are set to take effect in January 2020. The regulations are expected to reduce demand for heavy oil and put additional pressure on prices (Chart 12). Enbridge's Line 3 is expected to add pipeline capacity starting in early 2021, but the differential will continue to reflect higher-cost rail until the fourth quarter of 2022. This is when the Trans Mountain Expansion (TMX) pipeline is expected to come online, followed by Keystone XL in early 2023. The differential is forecast to average US\$17.10/bbl in 2022-2023.

Alberta natural gas producers are also facing significant market access issues. Regional infrastructure bottlenecks and maintenance outages on the Nova Gas Transmission Ltd (NGTL) pipeline system are constraining Western Canadian natural gas producers' ability to move natural gas to markets. Also, abundant and low cost U.S. shale gas is displacing Alberta natural gas from traditional markets across North America. Alberta's natural gas supply will continue to grow with increased connectivity of Montney gas into Alberta and export markets with

Higher transportation costs and IMO's new sulphur regulations will also widen the light-heavy differential on prices.

**Chart 12: Differential to remain wide until full market access achieved**  
Oil Prices



**Sources:** Alberta Energy and Alberta Treasury Board and Finance, f-forecast

TC Energy's expansion of its NGTL system. Abundant natural gas supply means prices in Alberta are expected to improve only modestly. The Alberta reference price for natural gas is forecast to rise gradually from \$1.30/GJ in 2019-20 to \$2.00/GJ in 2022-23, but remain low by historical norms.

With natural gas prices depressed, drillers are expected to continue targeting natural gas liquids (NGLs), which are priced more closely to oil. Over the medium term, demand for natural gas and NGLs is expected to rise due to expanding oil sands operations, continued transition to gas power generation, and an expanding petrochemical industry in Alberta. In addition, two new propane terminals in B.C. will boost propane demand: Pembina's project in Prince Rupert, which is expected to start in the second half of 2020, and AltaGas's export terminal on Ridley Island, Canada's first propane export facility, which began operations in May 2019.

### Energy investment to pick up following 2019 weakness

A lack of market access and competitiveness pressures are weighing heavily on oil and gas investment in the province. This has negative implications for both the Alberta and Canadian economies (see p.39). The narrower light-heavy differential has boosted cash flow for producers in 2019, but market access constraints have held back capital spending. Drilling is down more than 30 per cent through September compared with the same period last year. At the same time, increased uncertainty about the global economic outlook is weighing on global oil prices and will likely keep a lid on drilling activity for the rest of the year. Conventional oil and gas investment is forecast to decline by about 20 per cent this year after posting a modest growth estimated around 4 per cent in 2018. Non-conventional investment is also forecast to decline 3.5 per cent, the fifth consecutive year of contraction. Continued growth in bitumen production is supporting sustaining capital for existing projects,

## The Energy Sector's Contribution to the Canadian Economy

The energy sector is a key driver the Canadian economy. Over 10 per cent of Canada's total income, measured by nominal GDP, was generated from the sector in 2018. The same year, energy companies attracted over 30 per cent, or over \$50 billion, of total private sector investment in the country, and sold almost \$125 billion worth of products to the rest of the world. These energy exports represented about \$3,300 for every Canadian, far higher than the \$2,200 per Canadian for motor vehicles and \$1,600 for consumer goods. Crude exports from the resource-rich provinces of Alberta, Saskatchewan, and Newfoundland and Labrador expanded at an average pace of 12 per cent per year over the past 20 years, compared with 3 per cent for all other exports.

Given the outsized role that Alberta plays in Canada's energy sector, Canada's prosperity is closely tied to the strength of the Alberta economy. In 2015, when oil prices collapsed, Alberta entered a severe recession (alongside declines in Saskatchewan and Newfoundland and Labrador), causing a sharp slowdown in national economic activity. Business investment in Canada has yet to recover, and remains \$28 billion below 2014 levels. Severe transportation bottlenecks due to insufficient pipeline capacity caused Alberta crudes to trade at unprecedented discounts in late 2018. This triggered the province to impose mandatory production limits, which contributed to Canadian real GDP growth stalling in late 2018 and early 2019.

Through supply chains and trade linkages, Alberta businesses and individuals support economic activity across the country. Alberta has the second largest interprovincial trade volume in the country after Ontario. In 2017, the province imported over \$74 billion in goods and services from the rest of Canada. Between 2010 and 2015, the latest data available, an average of 120,000 people per year worked in Alberta but lived in other provinces. These people brought a total of \$33.8 billion in taxable earnings back to their home provinces.

In addition to activity, Alberta is consistently the largest per capita net fiscal contributor in the country. In the last decade, the province contributed about \$211 billion more to the federal government through taxes than it received back in federal spending. In 2017, the province's net fiscal contribution was about \$22 billion. This is enough money to fund:

- the total cost of the Canadian Employment Insurance program (\$18 billion in 2017), or
- 110 per cent of approved federal infrastructure funding under the Investing in Canada Plan, (estimated at over \$19.9 billion in *Budget 2019*), or
- more than 90 per cent of the Canada Child Benefit Program, or
- about 60 per cent of federal health transfers to provinces, or
- over 40 per cent of Canada's Old Age Security Program (valued at \$50 billion in 2017).

The lack of pipeline access and resulting wider price differential for crude produced in Alberta is a national issue, hurting heavy oil producers, government revenues, and the Canadian economy. Alberta Treasury Board and Finance estimates that without sufficient market access, the Canadian economy lost almost \$19 billion in 2018 due to steep price discounts. If no additional pipelines come online, Canada stands to forgo more than \$43 billion in lost income due to reduced production and investment between 2019 and 2023, or almost \$9 billion per year. The lost income translates into about 35,000 jobs per year in Canada. Steep discounts for Canadian crude also mean that Canadian consumers lose out. When domestic oil is sold at steep discounts compared with foreign crudes, domestic producers take a hit through lower revenue. Meanwhile consumers, and refineries importing foreign crude, pay higher prices based on international crudes. Money flows out of the country and lowers income for the entire nation.

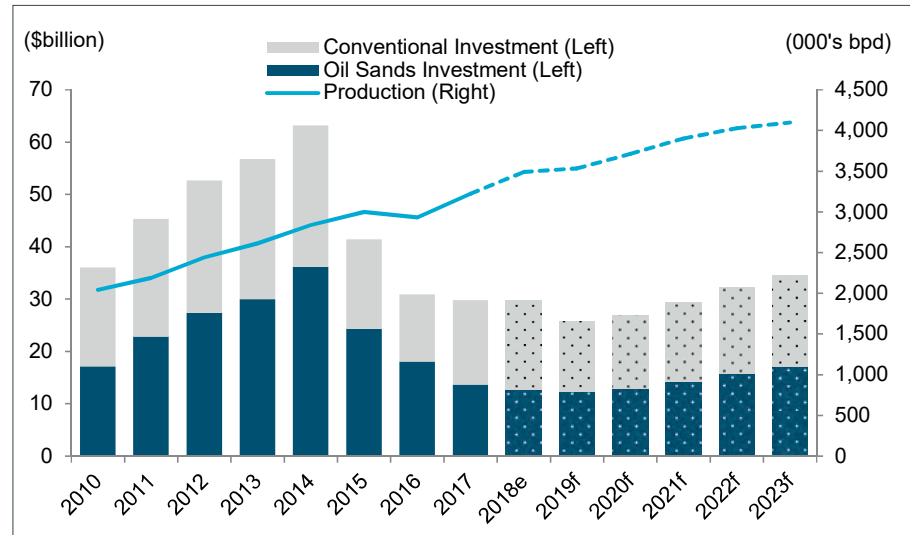
but chronic pipeline delays have prompted several companies to defer investment on new greenfield projects (such as Imperial Oil's Aspen project).

Oil and gas investment is expected to turn a corner in 2020 and pick up over the medium term. It is forecast to rebound by 4.5 per cent in 2020 as producers slowly ramp up drilling and production ahead of Enbridge's Line 3 coming online. As market access and prices improve, oil and gas investment is forecast to accelerate and grow at an average of 7.7 per cent from 2021 to 2023. Growing bitumen production will boost demand for condensate. In addition, conventional investment will stand to benefit from infrastructure expansions in liquids-rich gas regions and also support higher drilling for condensate. Even with the strong growth, energy investment is forecast to be roughly half of pre-recession levels by the end of the forecast period (Chart 13).

**Chart 13: Oil and gas investment to pick up**

Alberta Nominal Oil and Gas Investment and Crude Oil Production

While energy investment is expected to pick up over the medium term, it will remain well below the 2014 peak.



**Sources:** Statistics Canada and Alberta Treasury Board and Finance; e-estimate, f-forecast

### Manufacturing investment a bright spot in the economy

Capacity expansions will boost investment and expand the province's manufacturing base in the coming years. Construction of the \$3.5 billion Heartland Petrochemical Complex has ramped up this year, with capital spending projected to reach \$1.1 billion in 2019 and \$1.3 billion in 2020 and 2021. This facility, the first integrated propane dehydrogenation and polypropylene facility in Canada, is scheduled to begin operations in late 2021 and will process about 22,000 bpd of propane into value-added plastic products. Construction is scheduled to start later this year on a second major petrochemical project that is expected to be in service by mid-2023. These projects were approved under Alberta's Petrochemicals Diversification Program.

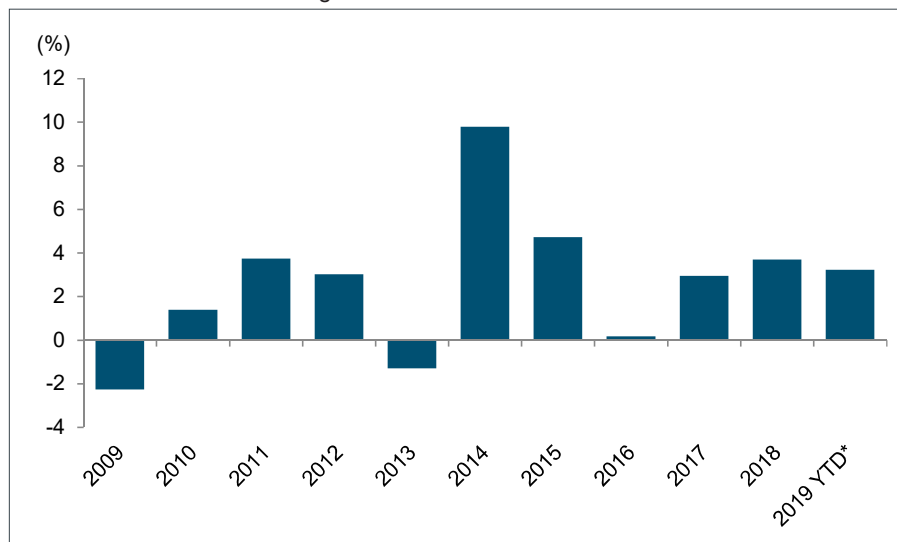
Alberta's growing petrochemical industry will benefit from the abundance of NGL feedstock in the province. Over the past few years, natural gas fractionation capacity has increased, allowing deeper extraction of NGL

components such as butane and propane. Since 2015, extraction of butane and propane has grown by an estimated 45 per cent and 60 per cent, respectively.

Food manufacturing is the third largest manufacturing industry in the province and will continue to grow. After reaching a record high of around \$14 billion in 2018, food manufacturing sales grew 3.2 per cent through July compared to the same period last year (Chart 14). This sector will further benefit from the completed \$430 million Cavendish Farms potato processing plant in Lethbridge. The plant will require 12,000 additional acres of locally grown potatoes, a high-margin crop for Alberta farmers. Champion Petfoods is also building a state-of-the-art custom kitchen facility in Parkland County that is scheduled to open in the coming months. This \$250 million facility is expected to support 200 new jobs.

**Chart 14: Solid growth in food manufacturing sales**

Growth in Food Manufacturing Sales in Alberta



Source: Statistics Canada

\* Year-to-date through July

Food manufacturing has been a solid contributor to the Alberta economy since the 2015-16 recession.

### Transportation and utility sectors support non-residential investment

Business investment in Alberta is also getting a boost from an upturn in midstream energy infrastructure projects. Strong production growth from liquids-rich gas plays in western Alberta and northeastern B.C. has spurred investment in pipeline capacity and processing facilities in these areas. Among these projects are Pembina's expansion of its Peace pipeline system and TC Energy's expansion of its Nova Gas Transmission System. These projects will connect incremental supply from the Montney, Duvernay and Deep Basins to markets. Moreover, the province's transition to gas-fired electrical power generation has encouraged the construction of pipelines that connect natural gas to electricity generation plants.

Strong crude oil production in the province has created the need to expand pipeline capacity out of Western Canada. The domestic portion of Enbridge's

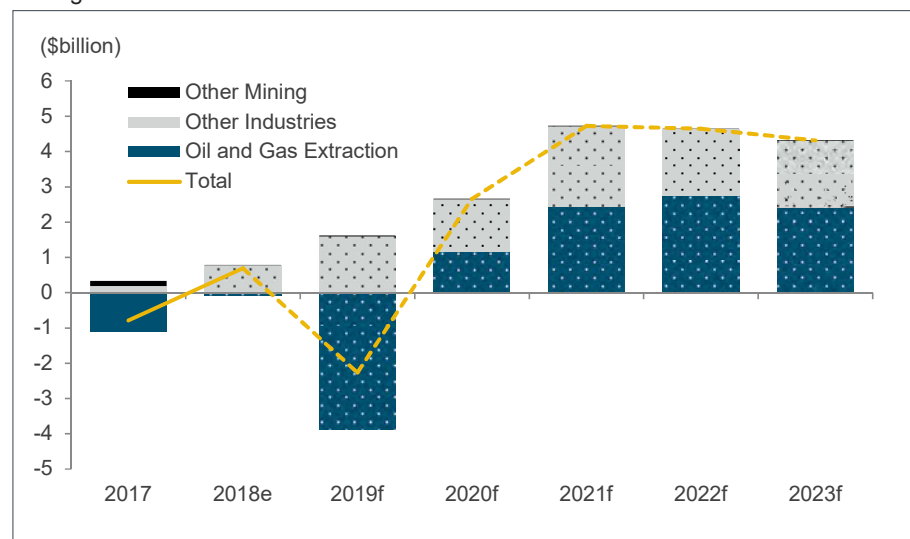
Line 3 pipeline is nearing completion and is slated to go into service by the end of this year. Construction of the Trans Mountain pipeline expansion resumed in communities along the route between Edmonton and Edson, and in the Greater Edmonton area. Trans Mountain Corporation expects this project to employ close to 4,200 workers from various communities along the route by year's end.

Ongoing transportation bottlenecks are also spurring investment in transportation and warehousing facilities. The USD Group's crude-by-rail loading terminal at Hardisty expanded last year. Crude-by-rail shipments are expected to pick up in the near term as oil companies use more rail transportation. Crude oil storage is increasing with Gibson Energy's construction of new tanks in Hardisty, which will add over three million barrels of storage capacity by the end of 2020. The province's warehousing and distribution sector is getting a boost from the construction of Amazon's \$120 million customer fulfillment centre in the Edmonton area. The approximately one million square foot facility is scheduled to open in Spring 2020 and will employ more than 600 permanent, full-time staff.

The province is also attracting investment into renewable energy. Encouraged by Alberta's unregulated electricity market, Perimeter Solar's \$200 million solar power project is set to start construction this year and be completed in September 2020. This project comes on the heels of Greengate Power's \$500 million solar power project in southern Alberta that received regulatory approval in the summer. The project is scheduled to start construction next year, with full commercial operations targeted for 2021. This facility will be the largest solar energy project in Canada. BHE Canada, a subsidiary of Berkshire Hathaway Energy, is also set to break ground on a \$200 million new wind farm in southeast Alberta in 2020. The Rattlesnake Ridge Wind is expected to begin generating energy for Alberta's grid in December 2021.

Investment outside the oil and gas sector will be boosted by infrastructure projects and capacity expansions in the manufacturing industry.

**Chart 15: Non-energy sector a key driver of investment**  
Change in Alberta Investment in Non-Residential Business Investment



**Sources:** Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance, e-estimate, f-forecast



This upturn in industrial investment will more than offset weak commercial building investment amid elevated commercial inventories. Capacity expansions in the manufacturing, transportation and warehousing, and utility sectors are expected to lift investment in other industries by about \$1.6 billion, or 5 per cent, in 2019 (Chart 15). Further reductions in the corporate income tax rate will propel investment in industries outside oil and gas extraction, which is forecast to accelerate over the medium term and peak at nearly 7 per cent growth in 2021.

### **Trade restrictions hit the agriculture sector**

Trade issues are turning 2019 into a challenging year for the province's agriculture sector. China's trade restrictions on Canadian canola seed shipments in March, along with weaker prices, dragged down Alberta's canola seed export value by 25 per cent through the first seven months of 2019. This was partly offset by stronger exports of other crops such as barley and wheat. In particular, Alberta's wheat exports climbed after a series of droughts led to lower production in Australia, and China levied tariffs on U.S. wheat imports last year. Year-to-date (January to July), the value of Alberta wheat exports were up 9.8 per cent and wheat exports to China rose 59 per cent compared to the same period in 2018. Given the lingering trade uncertainty, some farmers shifted from canola to other crops during the spring planting season and Canadian canola exporters are seeking new markets.

Alberta's livestock industry is faring well, but continues to face similar trade restrictions on beef and pork products into the Chinese market. A weak Canadian dollar and solid demand, particularly in the U.S., supported strong growth in live animal exports during the first half of the year. Trade issues with China will continue to weigh on export prices for certain pork and beef products, while producers seek alternate markets for their products.

Over the medium term, Alberta's agri-food exports are expected to get a boost from signing of the United States-Mexico-Canada Agreement. Other agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership will also enhance Alberta's access to more diverse markets and support growth.

### **Services a source of growth**

The service sector, which accounts for more than 60 per cent of the Alberta economy, continues to be resilient. Demand for services that support the oil and gas sector is weak, but an upturn in industrial construction and solid population growth are providing support to overall services. Tourism is benefitting from solid growth in international visits so far this year, supported in part by a weak Canadian dollar and strong U.S. economy.

Going forward, Alberta's service sector will continue to expand. Telus is planning to invest \$16 billion in Alberta over the next five years to expand its broadband infrastructure, which will boost information services in the province. Consumer services will benefit from a growing population and ongoing income growth. Professional, scientific and technical, and other business services are forecast to benefit as energy investment recovers and



the manufacturing and transportation sectors expand. Growth in the U.S. economy, albeit at a slower pace than in the recent past, and the popularity of national parks in Alberta should support a thriving tourism industry.

### Policy measures to boost growth

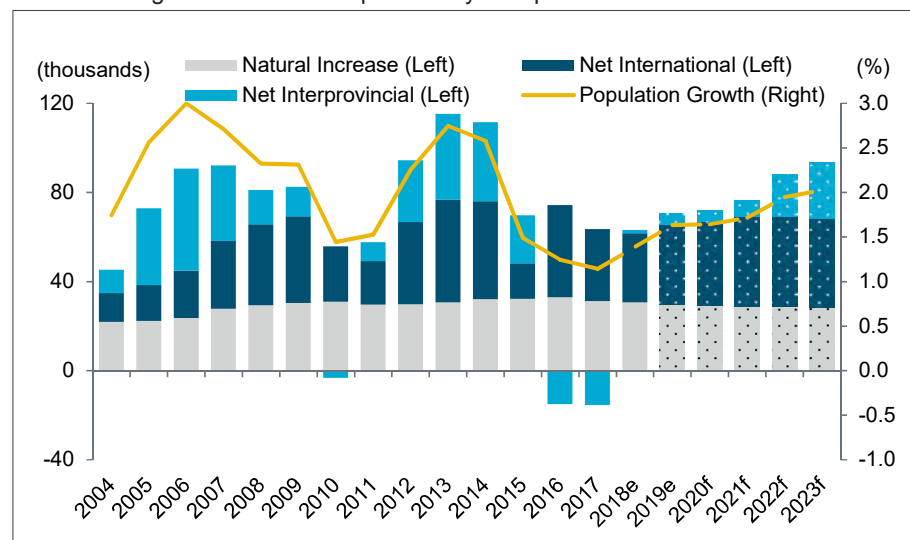
*Budget 2019* commits to restraining spending in order to balance the budget by 2022-23. As a result, Alberta's real GDP growth is expected to rotate away from the government sector and to the private sector. Recent policy measures are expected to strengthen business investment and support job creation. After passing the Job Creation Tax Cut in June 2019 and paralleling federal measures to enhance the capital cost allowance regime, Alberta will once again have the most competitive corporate tax regime in Canada. The Job Creation Tax Cut will benefit all sectors of the economy, including the energy, manufacturing, construction, and service industries. It is expected to boost capital investment in the province by around \$4 billion per year by 2023 and real GDP growth by 0.3-0.4 percentage points annually between 2020 and 2023 (see p.142, Tax Chapter for more info).

### Immigration driving population growth

Alberta's population growth is continuing to rebound from recession lows. In the 2019 census year, the population grew 1.6 per cent, the highest rate since 2014, boosted by solid levels of immigration. Interprovincial migration, while relatively small, posted the first net annual gain after three consecutive years of net losses. In 2020, relatively small net in-migration is forecast as levels continue to recover after the 2015-16 recession. Immigration, which is less sensitive to economic conditions, will be the dominant driver of population growth. Alberta has attracted a double-digit share of national immigrant landings since the late 2000s. Higher federal immigration targets will lead to more immigrants coming into the province. The number of net non-permanent

Population growth is projected to accelerate with a pick-up in economic activity and rising immigration.

**Chart 16: Natural increase and immigration drive population growth**  
Annual Change in the Alberta Population by Component



**Sources:** Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; e-estimate, f-forecast

residents (including temporary foreign workers) is expected to remain positive after several years of substantial net outflows. As the province with the youngest population, Alberta has the highest growth due to natural increase of the provinces. Robust natural increase and increasing immigration will support population growth of 1.6 per cent in 2020 (Chart 16).

Over the medium term, Alberta's population growth is projected to accelerate in tandem with a pick-up in economic activity. With investment strengthening, net interprovincial migration is forecast to rise quite strongly. Established immigrant streams tend to be self-perpetuating, and the province is forecast to settle about 13 per cent of immigrants to Canada. Higher average incomes and a lower cost of living should also help the province attract people from across the country. This, combined with strong natural increase, will help boost population growth to 2.0 per cent by 2023.

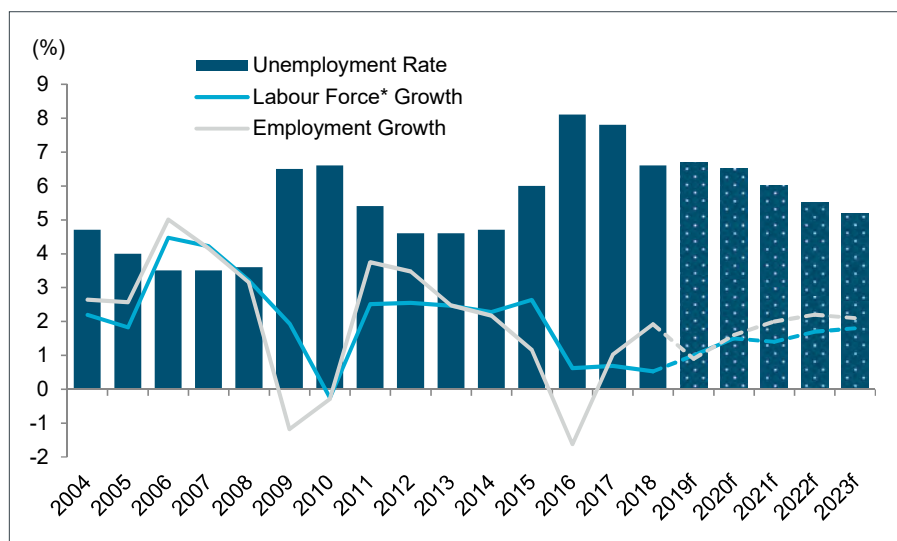
### Labour market to strengthen

Alberta's labour market has been resilient considering the slowdown in economic activity in late 2018 and early 2019. Modest job gains have been propped up by private sector employment increases of more than 21,000 since December. By industry, however, job gains have been concentrated in the service sector. Goods sector employment has fallen further this year as weakness in drilling and construction activity more than offset strength in manufacturing. With the slower pace of economic activity, annual employment growth is forecast to moderate from 1.9 per cent in 2018 to 0.9 per cent in 2019 (Chart 17). Employment growth is expected to accelerate to 1.6 per cent next year and average about 2 per cent thereafter as the economy gathers pace.

Against a backdrop of continued slack in the labour market, weakness in higher-paid goods sector employment is holding back growth in average weekly

**Chart 17: Unemployment rate to ease gradually**

Labour Market Indicators



The labour market will gradually improve over the medium term as the Alberta economy gathers pace.

**Sources:** Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; e-estimate, f-forecast

\* The number of people working or looking for work.

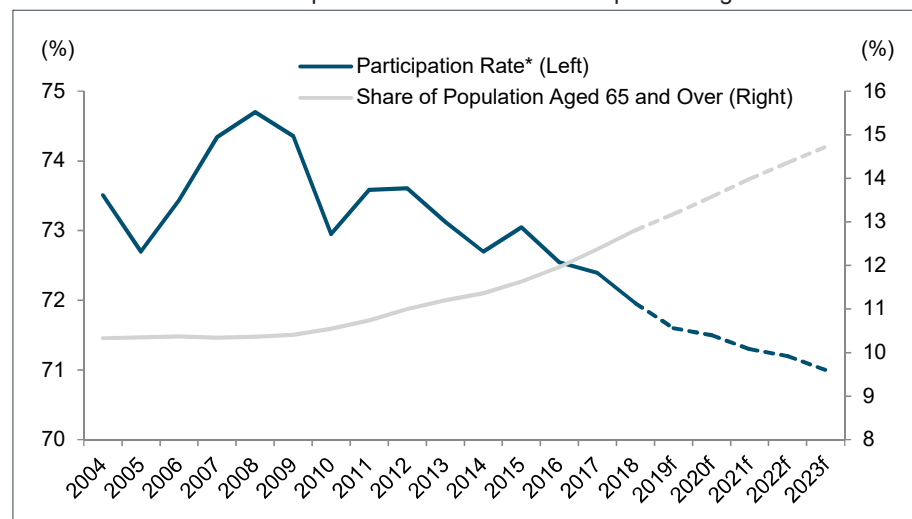
earnings. This is expected to limit earnings growth to 1.8 per cent this year. Growth is forecast to accelerate to 2.8 per cent in 2020 and average 3.5 per cent in the succeeding three years as a pick-up in energy and construction activity fuels a strong recovery in goods sector employment. Primary household income will follow a similar trend, climbing from 3.2 per cent growth in 2019 to 5.6 per cent at the end of the forecast horizon. Albertans are expected to see steady increases in real incomes over the medium term and maintain the highest earnings among the provinces.

### Gradual decline in the unemployment rate

Alberta's unemployment rate has ticked up as modest gains in employment have failed to keep pace with a rising labour force. Overall, the labour force is expected to increase by about 25,000 this year as a pick-up in migration fuels a robust increase in the province's working age population. This is putting upward pressure on the unemployment rate, but a decline in the labour force participation rate is tempering the impact. The participation rate has fallen further this year after a long-term decline since 2008, and is hovering around 25-year lows. Some of this decline reflects the impact of an aging population, as older workers tend to participate less in the workforce, which in turn drags down the overall participation rate. Ongoing slack in the labour market, including more long-term unemployed and involuntary part-time workers, may also be discouraging some people from entering the labour force. With the modest job gains and a strong labour force expansion, the unemployment rate is forecast to average 6.7 per cent this year, slightly higher than last year.

Over the medium term, the unemployment rate is expected to decline gradually and reach 5.2 per cent by 2023, as employment growth picks up and the labour force participation rate falls further. The participation rate's downward trend is expected to continue as the province's population continues to age, dipping to 71 per cent by 2023 (Chart 18).

**Chart 18: Participation rate to come down with an aging population**  
Alberta Labour Force Participation Rate and Share of Population Aged 65 and Over



**Sources:** Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance, f-forecast

\* The percentage of working age population who are in the labour force.

Labour force participation rate will continue to fall as the share of retired Albertans increases.

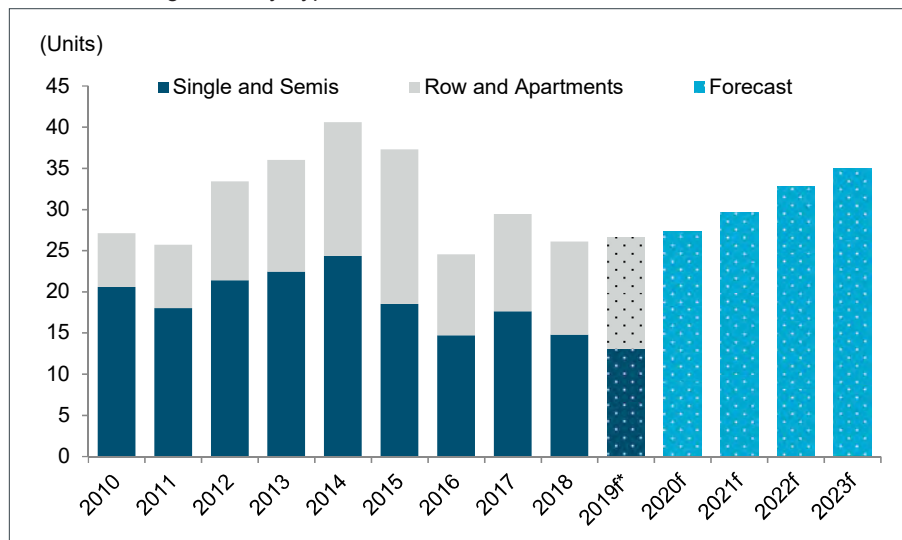
## Housing market to pick up

While Alberta's housing market has improved from a poor start to 2019, it remains soft amid elevated inventories and weak consumer sentiment. Housing starts have rebounded from the lackluster levels seen earlier this year, but activity has been concentrated in row and apartment starts. Solid net migration into the province, combined with the market's ongoing adjustment to tighter mortgage rules and interest rate increases in 2018, are supporting demand for multi-family homes. These are more affordable than single-detached homes. Meanwhile, sales of existing homes have risen steadily since February, and inventories of unsold homes have come down in recent months.

Elevated new home inventories will likely keep a lid on residential construction activity for the remainder of the year. As a result, housing starts are expected to average under 25,000 units in 2019, slightly lower than last year's level. A steady improvement in inventories and the recent decline in mortgage rates are expected to boost residential construction next year. Housing starts are expected to increase to 27,300 units in 2020 (Chart 19). Over the medium term, a gradual drawdown in housing inventories and a pick-up in population and earnings growth are expected to lift housing starts to around 35,000 units by 2023. Housing starts are not expected to return to pre-recession levels over the forecast period.

**Chart 19: Housing starts to rise gradually**

Alberta Housing Starts by Type



**Sources:** Canada Mortgage and Housing Corporation, Haver Analytics and Alberta Treasury Board and Finance; f-forecast

\* Breakdown based on YTD actuals using seasonally adjusted at annual rates data

Housing starts to improve over the medium term as inventories ease and population growth picks up.

## Services propping up consumer spending

Consumer spending in the province was weak in the first half of 2019 following a sharp pullback in the latter half of 2018. Slower activity in the housing market, coupled with subdued wage growth, is holding back discretionary spending on items such as vehicles, furniture, and appliances. Ongoing uncertainty about market access and the global economy is also weighing on sentiment and keeping consumers cautious. The weakness in goods spending, however, is being partly offset by spending on services. Services tend to hold up better during times of weaker economic conditions, which was demonstrated during the 2015-16 recession (Chart 20). Adjusted for inflation, consumer spending is expected to grow by 1.5 per cent in 2019, roughly the same as last year's pace.

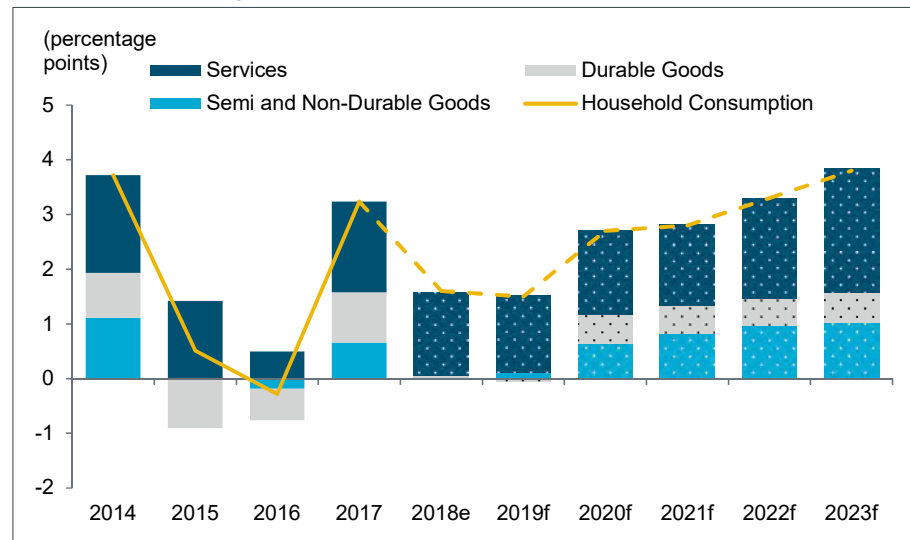
Alberta's expanding population and strengthening labour market are expected to lead to a rebound in real consumer spending. Spending is forecast to expand 2.7 per cent next year and grow at an average of 3.3 per cent over the remainder of the forecast period.

Consumer inflation has eased significantly in recent months with falling energy prices and slower economic activity. Excluding energy, inflation remains above 2 per cent on the back of rising food prices. With softer oil prices and weakness in house prices, headline consumer inflation is expected to moderate from 2.4 per cent in 2018 to 1.7 per cent this year and 1.8 per cent next year. It is forecast to pick up to around 2 per cent over the medium term.

A growing population and strengthening labour market will support a pick-up in consumer spending over the medium term.

**Chart 20: Weakness in 2019 concentrated in goods spending**

Contribution to Change in Alberta Real Household Consumption



**Sources:** Statistics Canada, Haver Analytics and Alberta Treasury Board and Finance; e-estimate, f-forecast

## Risks to the Economic Outlook

As a small, open, landlocked economy with a sizeable resource extraction sector, Alberta's economy is especially sensitive to developments beyond its borders. Protectionist trade policies are proliferating globally and commodity markets are under pressure. These present significant risks to Alberta's economy and government revenues in the near and medium term. The report from the MacKinnon Panel on Alberta's Finances highlighted the need to disclose key fiscal and economic risks and revenue sensitivities. The scenarios below build on the recommendations and offer a formalized analysis of Alberta's exposure to external factors. They are summarized in Table 1.

### Global recession scenario

Most observers, including the IMF and Organization for Economic Co-operation and Development, are expecting the global economy to avoid recession and actually see an acceleration in growth in 2020. However, as global manufacturing and trade slowdowns persist, the risk of recession is more elevated. This is reflected in a marked appreciation in safe haven assets and lower bond yields. Gold has broken through US\$1,500 per ounce for the first time in over six years. Interest rates are broadly contracting, leading yield curves in many advanced economies to flatten or invert (often a prelude to a near-term recession).

The global recession scenario assumes global trade and policy issues deteriorate further, triggering a recession in the first quarter of 2020. The slowdown in global demand will weigh on WTI prices and the Canadian dollar. Falling energy prices and demand are expected to reduce investment and exports in Alberta, while the weaker dollar drives import costs higher. The provincial labour market and household consumption would feel these effects. Under this scenario, Alberta's real GDP contracts 1.5 per cent in 2020 and nominal GDP declines 7.8 per cent. Resource revenues and income taxes are lower by about \$4.2 billion annually.

As the shock works its way through the global economy, central banks loosen monetary policy. The Alberta and global economies gradually recover. By 2025 all economies are expected to return to baseline growth. In Alberta, employment remains below baseline through 2023, but surpasses 2019 levels in 2021.

### No market access scenario

The challenges of market access are acutely correlated with Alberta's economic prospects. Government curtailment policies have lowered the discount for Alberta heavy oil compared with global benchmarks, but pipeline bottlenecks and an increasing reliance on rail are suppressing the oil sector's expansion. Relief is expected as Enbridge's Line 3 in 2021, followed by TMX and Keystone XL, add over 1.5 million barrels per day of export capacity by 2023. However, all three pipeline projects are facing regulatory hurdles, and Canada has already

seen two pipeline projects terminated in the last decade - Northern Gateway and Energy East.

The no market access scenario assumes all three pipeline projects are permanently cancelled. Without sufficient pipeline access, the light-heavy differential remains above US\$20/bbl, reflecting higher rail costs. Further, cancelling the TMX pipeline eliminates access to the U.S. West Coast and Asian markets.

Under this scenario, production is expected to be 120,000 bpd lower between 2019 and 2023, and around 250,000 by 2025, compared with the baseline. This drags down investment and employment. Real GDP is estimated to be 3 per cent lower by 2023. Lost resource revenues and income taxes are estimated at over \$5 billion between 2019 and 2023.

### **High oil prices scenario**

*Budget 2019* assumes only a modest increase in oil prices over the next four years to around US\$63/bbl by 2022-23. Geopolitical tensions on the rise, particularly in the Middle East, could result in supply disruptions that would put upward pressure on oil prices. In addition, higher demand that could come with a rapid resolution of trade and policy tensions, could all lead to higher benchmark oil prices, especially WTI.

The high oil price scenario assumes WTI appreciates to US\$77/bbl by 2022-23, US\$13/bbl higher than the baseline forecast. The light-heavy differential widens by just over US\$2/bbl as the province sees an uptick in investment and production. This leads real GDP almost 2.5 per cent and employment over 1.5 per cent higher by 2023 compared with the base case. The exchange rate strengthens on rising crude prices and exports, and the Bank of Canada gradually increases interest rates.

**Table 1: Scenario Impacts**

Fiscal Year Assumptions	2019-20	2020-21	2021-22	2022-23	
WTI (US\$/bbl)					
Base	57	58	62	63	
High	57	68	73	77	
Global recession	55	42	55	62	
No market access	57	58	62	63	
Light-Heavy Differential (US\$/bbl)					
Base	14.2	18.4	21.0	17.1	
High	14.4	19.6	23.4	19.6	
Global recession	13.7	16.1	20.9	17.1	
No market access	14.2	19.4	24.5	21.7	
Exchange Rate (US¢/Cdn\$)					
Base	75	76	77	78	
High	76	80	81	83	
Global recession	75	71	74	77	
No market access	75	76	76	76	
Income Tax and Resource Revenue (\$B)					
Base	22.7	22.6	25.2	28.3	
Variance from base					
High	0.4	3.0	3.9	5.8	
Global recession	-0.7	-5.5	-6.1	-4.5	
No market access	0.0	-0.5	-2.0	-3.0	
Calendar Year Assumptions	2019	2020	2021	2022	2023
Real GDP (% change)					
Base	0.6	2.7	2.9	3.0	3.0
High	0.6	3.5	3.7	3.4	3.5
Global recession	0.6	-1.5	2.5	4.3	3.8
No market access	0.6	2.7	2.2	2.0	1.7
Nominal GDP (% change)					
Base	3.5	2.5	5.9	5.8	6.3
High	3.5	7.0	6.9	7.8	7.5
Global recession	3.5	-7.8	6.7	12.6	8.2
No market access	3.5	2.5	2.8	5.2	3.2
Employment (thousands)					
Base	2,350	2,390	2,440	2,490	2,550
High	2,350	2,400	2,460	2,530	2,590
Global recession	2,350	2,340	2,360	2,450	2,530
No market access	2,350	2,390	2,430	2,460	2,490







# Economic Outlook

## Annex

# Benchmarking Tables

## Oil Price Benchmark

West Texas Intermediate (US\$/bbl)

Organization	2019	2020	2021	2022	2023
<b>National Forecasting Agencies</b>					
Conference Board of Canada (Aug/19)	58.04	61.41	63.66	65.91	68.16
Stokes Economics (Aug/19)	57.50	60.76	63.13	67.24	72.56
<b>Banks and Investment Dealers</b>					
CIBC World Markets (08 Apr/19)	57.00	60.50	n/a	n/a	n/a
Credit Suisse (Aug/19)	59.20	57.00	60.00	60.00	n/a
Goldman Sachs (Aug/19)	58.85	55.50	n/a	n/a	n/a
Laurentian Bank (May/19)	64.00	67.00	n/a	n/a	n/a
National Bank (July/19)	63.00	58.00	n/a	n/a	n/a
RBC Capital Markets (Aug/19)	60.20	61.76	70.00	70.00	70.00
Scotiabank (12 July/19)	56.00	55.00	n/a	n/a	n/a
Toronto Dominion Bank (June/19)	58.00	61.25	n/a	n/a	n/a
<b>Industry Analysts</b>					
U.S. Energy Information Administration (06 Aug/19)	57.87	59.50	n/a	n/a	n/a
GLJ Petroleum Consultants (01 July/19)	57.94	62.50	65.00	67.50	70.00
Sproule Associates Limited (31 July/19)	59.71	67.00	70.00	71.40	72.83
<b>Confidential Forecasts Provided to Alberta Energy<sup>a</sup></b>					
Average	58.00	61.00	64.00	66.00	68.00
High	64.00	67.00	70.00	74.46	78.36
Low	55.00	53.09	58.75	60.00	59.38
Average of All Private Forecasts	59.00	61.00	65.00	66.00	69.00
<b>Government of Alberta (calendar year)</b>	<b>57.00</b>	<b>57.00</b>	<b>62.00</b>	<b>63.00</b>	<b>64.00</b>

Includes forecasts finalized on or before 27 August, 2019.

- a The Government of Alberta surveys, on a confidential basis, private sector forecasts from PIRA, the Bank of Montreal, IHS Markit, Stratas Advisors, and Wood Mackenzie. The annual figures presented here are an average of the forecast prices from these sources. High/Low forecasts may represent one of the confidential forecasts. The Government of Alberta forecast also includes the futures price in 2019 and 2020 to included current market sentiment in its forecast, with a higher weighting in 2019. The private sector average, consultant average and Government of Alberta forecasts have been rounded to the nearest dollar.

## How Oil Price Forecasters Fared in *Budget 2018*

West Texas Intermediate (US\$/bbl)

Organization (#)	How did they do in Budget 2018?
National Forecasting Agencies (3)	57.77
Banks and Investment Dealers (8)	59.66
Industry Analysts (3)	57.67
Confidential Forecasts (5)	61.00
<b>Average</b>	<b>59.00</b>
<b>Government of Alberta (calendar year)</b>	<b>61.00</b>
<b>2018 Actual</b>	<b>64.77</b>

**Sources:** Alberta Treasury Board and Finance and Alberta Energy

## Natural Gas Price Benchmark

Henry Hub (US\$/MMBtu)<sup>a</sup>

Organization	2019	2020	2021	2022	2023
<b>National Forecasting Agencies</b>					
Conference Board of Canada (Aug/19)	2.92	3.03	3.16	3.28	3.40
Stokes Economics (Aug/19)	2.79	2.78	3.05	3.25	3.51
<b>Banks and Investment Dealers</b>					
CIBC World Markets (08 Apr/19)	3.23	3.08	n/a	n/a	n/a
Credit Suisse (Aug/19)	2.65	2.50	2.50	2.50	n/a
Goldman Sachs (Aug/19)	2.81	2.75	n/a	n/a	n/a
RBC Capital Markets (Aug/19)	2.63	2.63	2.75	2.75	2.75
Scotiabank (12 July/19)	2.71	2.75	n/a	n/a	n/a
Toronto Dominion Bank (June/19)	2.67	2.52	n/a	n/a	n/a
<b>Industry Analysts</b>					
U.S. Energy Information Administration (06 Aug/19)	2.55	2.75	n/a	n/a	n/a
GLJ Petroleum Consultants (01 July/19)	2.61	2.80	2.95	3.10	3.20
Sproule Associates Limited (31 July/19)	2.70	3.00	3.25	3.32	3.38
<b>Confidential Forecasts Provided to Alberta Energy<sup>b</sup></b>					
Average	2.60	2.70	2.80	2.90	3.00
High	3.23	3.08	3.26	3.50	3.95
Low	2.46	2.14	2.37	2.37	2.52
Average of All Private Forecasts	2.70	2.70	2.80	2.90	3.10
<b>Government of Alberta (calendar year)</b>	<b>2.60</b>	<b>2.70</b>	<b>2.80</b>	<b>2.90</b>	<b>3.00</b>

Includes forecasts finalized on or before 27 August, 2019.

- a The natural gas price at Henry Hub Louisiana (in US\$/MMBtu) is the U.S. benchmark while the AECO natural gas price (in CAD\$/GJ) is the Western Canada benchmark. While both benchmarks are widely used in North America, the difference between Henry Hub and AECO prices reflects transportation costs and regional supply/demand impacts, as well as exchange rate and unit conversion. The Alberta Reference Price (used in natural gas royalty calculations) represents the average field price of all Alberta gas sales which normally follows the Western Canada regional benchmark.
- b The Government of Alberta also surveys, on a confidential basis, private sector forecasts from Petral, Sproule, IHS Markit, PIRA, Wood McKenzie, EIA, the Bank of Montreal, Scotiabank, Stratas Advisors, and NYMEX. The annual figures presented here are the average forecast prices from these sources. High/Low forecasts may represent one of the confidential forecasts. The private sector average, consultant average and Government of Alberta forecasts have been rounded to the nearest ten cents.

## How Natural Gas Price Forecasters Did in Budget 2018

Henry Hub (US\$/MMBtu)

Organization (#)	How did they do in Budget 2018?
National Forecasting Agencies (3)	3.13
Banks and Investment Dealers (7)	2.98
Industry Analysts (3)	3.10
Confidential Forecasts (10)	3.00
<b>Average</b>	<b>3.00</b>
<b>Government of Alberta (calendar year)</b>	<b>3.00</b>
<b>2018 Actual</b>	<b>3.07</b>

Both the Government of Alberta and the private sector underestimated natural gas prices in 2018 by 2.3%.

**Sources:** Alberta Treasury Board and Finance and Alberta Energy

## Light-Heavy Oil Price Differential Benchmark

WTI-WCS Price Differential (US\$/bbl)

Organization	2019	2020	2021	2022	2023
<b>National Forecasting Agencies</b>					
Conference Board of Canada (Aug/19)	11.73	13.52	13.91	14.14	14.38
<b>Banks and Industry Analysts</b>					
GLJ Petroleum Consultants (01 July/19)	13.37	18.00	17.00	16.00	16.00
RBC Capital Markets (Aug/19)	14.43	20.12	19.00	19.00	19.00
Scotiabank (12 July/19)	14.00	21.00	n/a	n/a	n/a
Sproule Associates Limited (31 July/19)	12.99	17.15	17.03	16.46	16.20
<b>Confidential Forecasts Provided to Alberta Energy<sup>a</sup></b>					
Average	13.80	21.00	19.40	15.90	15.30
High	15.93	24.48	23.53	23.60	22.52
Low	11.73	13.52	12.46	12.89	12.69
Average of All Private Forecasts	13.60	19.50	18.20	16.10	15.80
<b>Government of Alberta (calendar year)</b>	<b>12.70</b>	<b>18.20</b>	<b>20.40</b>	<b>18.50</b>	<b>14.20</b>

Includes forecasts finalized on or before 27 August, 2019.

a The Government of Alberta also surveys, on a confidential basis, private sector forecasts from IHS Markit, PIRA, Wood MacKenzie, Stratas Advisors, and the Bank of Montreal. The annual figures presented here are the average forecast prices from these sources. High/Low forecasts may represent one of the confidential forecasts. The private sector average, consultant average and Government of Alberta forecasts have been rounded to the nearest ten cents.

## Canadian Long-Term Interest Rate Benchmark

10-Year Government of Canada Bonds (%)

Organization	2019	2020	2021	2022	2023
<b>National Forecasting Agencies</b>					
Conference Board of Canada (Aug/19)	1.87	2.64	3.13	3.13	3.13
Stokes Economics (Aug/19)	1.90	2.28	2.86	3.07	3.43
<b>Banks</b>					
BMO Capital Markets (23 Aug/19)	1.55	1.55	n/a	n/a	n/a
CIBC World Markets (18 July/19)	1.72	1.69	n/a	n/a	n/a
Laurentian Bank (10 May/19)	1.85	2.51	n/a	n/a	n/a
National Bank (July/19)	1.56	2.30	n/a	n/a	n/a
RBC Royal Bank (12 July/19)	1.70	1.80	n/a	n/a	n/a
Scotiabank (16 Aug/19)	1.38	1.43	n/a	n/a	n/a
Toronto Dominion Bank (June/19)	1.57	1.86	n/a	n/a	n/a
High	1.90	2.64	3.13	3.13	3.43
Low	1.38	1.43	2.86	3.07	3.13
Average of All Private Forecasts	1.68	2.01	2.99	3.10	3.28
<b>Government of Alberta (calendar year)</b>	<b>1.60</b>	<b>1.80</b>	<b>1.90</b>	<b>2.00</b>	<b>2.10</b>

Includes forecasts finalized on or before 27 August, 2019.

## United States / Canada Exchange Rate Benchmark (US¢/Cdn\$)

Organization	2019	2020	2021	2022	2023
<b>National Forecasting Agencies</b>					
Conference Board of Canada (Aug/19)	75.7	77.1	78.4	78.6	79.1
Stokes Economics (Aug/19)	76.5	76.0	76.0	76.3	76.8
<b>Banks</b>					
BMO Capital Markets (23 Aug/19)	75.6	76.4	n/a	n/a	n/a
CIBC World Markets (29 July/19)	75.8	75.0	n/a	n/a	n/a
Laurentian Bank (10 May/19)	76.5	79.8	n/a	n/a	n/a
National Bank (July/19)	76.9	74.6	n/a	n/a	n/a
RBC Royal Bank (12 July/19)	77.5	75.2	n/a	n/a	n/a
Scotiabank (16 Aug/19)	75.8	77.8	n/a	n/a	n/a
Toronto Dominion Bank (June/19)	75.8	77.0	n/a	n/a	n/a
<b>Other</b>					
Bloomberg Forward Curve (27 Aug/19)	75.3	75.4	75.3	75.2	75.1
High	77.5	79.8	78.4	78.6	79.1
Low	75.3	74.6	75.3	75.2	75.1
Average of All Private Forecasts	76.1	76.4	76.6	76.7	77.0
<b>Government of Alberta (calendar year)</b>	<b>75.3</b>	<b>75.9</b>	<b>76.5</b>	<b>77.3</b>	<b>78.4</b>

Includes forecasts finalized on or before 27 August, 2019.

## Alberta Real Gross Domestic Product Benchmark (% change)

Organization	2019	2020	2021	2022	2023
<b>National Forecasting Agencies</b>					
Conference Board of Canada (Aug/19)	-0.8	2.0	3.2	2.1	2.1
Stokes Economics (Aug/19)	0.7	1.4	2.4	2.7	2.1
<b>Banks</b>					
BMO Capital Markets (23 Aug/19)	1.3	1.6	n/a	n/a	n/a
CIBC World Markets (08 Apr/19)	0.9	1.9	n/a	n/a	n/a
Laurentian Bank (Feb/19)	2.0	2.4	n/a	n/a	n/a
National Bank (July/19)	1.2	2.5	n/a	n/a	n/a
RBC Royal Bank (June/19)	0.6	2.4	n/a	n/a	n/a
Scotiabank (12 July/19)	0.5	2.5	n/a	n/a	n/a
Toronto Dominion Bank (June/19)	0.5	2.1	n/a	n/a	n/a
High	2.0	2.5	3.2	2.7	2.1
Low	-0.8	1.4	2.4	2.1	2.1
Average of All Private Forecasts	0.8	2.1	2.8	2.4	2.1
<b>Government of Alberta (calendar year)</b>	<b>0.6</b>	<b>2.7</b>	<b>2.9</b>	<b>3.0</b>	<b>3.0</b>

Includes forecasts finalized on or before 27 August, 2019.

## Alberta Nominal Gross Domestic Product Benchmark

(% change)

Organization	2019	2020	2021	2022	2023
<b>National Forecasting Agencies</b>					
Conference Board of Canada (Aug/19)	1.7	4.1	5.3	4.1	4.1
Stokes Economics (Aug/19)	0.8	4.9	4.9	5.4	7.2
<b>Banks</b>					
CIBC World Markets (08 Apr/19)	0.2	5.2	n/a	n/a	n/a
Laurentian Bank (Feb/19)	4.5	5.3	n/a	n/a	n/a
National Bank (July/19)	1.6	4.4	n/a	n/a	n/a
RBC Royal Bank (June/19)	0.6	5.5	n/a	n/a	n/a
Scotiabank (12 July/19)	1.3	4.6	n/a	n/a	n/a
Toronto Dominion Bank (June/19)	1.9	4.8	n/a	n/a	n/a
High	4.5	5.5	5.3	5.4	7.2
Low	0.2	4.1	4.9	4.1	4.1
Average of All Private Forecasts	1.6	4.8	5.1	4.8	5.7
<b>Government of Alberta (calendar year)</b>	<b>3.5</b>	<b>2.5</b>	<b>5.9</b>	<b>5.8</b>	<b>6.3</b>

Includes forecasts finalized on or before 27 August, 2019.

## Alberta Primary Household Income Benchmark

(% change)

Organization	2019	2020	2021	2022	2023
Conference Board of Canada (Aug/19)	3.2	4.3	5.1	5.4	4.7
Stokes Economics (Aug/19)	2.3	2.9	3.9	5.0	4.6
High	3.2	4.3	5.1	5.4	4.7
Low	2.3	2.9	3.9	5.0	4.6
Average of All Private Forecasts	2.7	3.6	4.5	5.2	4.6
<b>Government of Alberta (calendar year)</b>	<b>3.2</b>	<b>4.3</b>	<b>5.0</b>	<b>5.3</b>	<b>5.6</b>

Includes forecasts finalized on or before 27 August, 2019.

## Alberta Net Corporate Operating Surplus Benchmark

(% change)

Organization	2019	2020	2021	2022	2023
Conference Board of Canada (Aug/19)	-9.7	6.4	12.3	1.1	1.3
Stokes Economics (Aug/19)	-7.3	23.3	13.7	11.2	24.3
High	-7.3	23.3	13.7	11.2	24.3
Low	-9.7	6.4	12.3	1.1	1.3
Average of All Private Forecasts	-8.5	14.8	13.0	6.2	12.8
<b>Government of Alberta (calendar year)</b>	<b>8.3</b>	<b>-5.1</b>	<b>17.1</b>	<b>14</b>	<b>15.4</b>

Includes forecasts finalized on or before 27 August, 2019.

## Alberta Employment Benchmark

(% change)

Organization	2019	2020	2021	2022	2023
<b>National Forecasting Agencies</b>					
Conference Board of Canada (Aug/19)	0.8	1.1	2.0	2.1	1.8
Stokes Economics (Aug/19)	0.4	1.2	1.8	2.2	1.6
<b>Banks</b>					
BMO Capital Markets (23 Aug/19)	0.8	1.1	n/a	n/a	n/a
CIBC World Markets (08 Apr/19)	0.5	0.7	n/a	n/a	n/a
Laurentian Bank (Feb/19)	0.9	0.9	n/a	n/a	n/a
National Bank (July/19)	1.1	0.8	n/a	n/a	n/a
RBC Royal Bank (June/19)	0.9	1.1	n/a	n/a	n/a
Scotiabank (12 July/19)	1.0	1.0	n/a	n/a	n/a
Toronto Dominion Bank (June/19)	0.6	1.2	n/a	n/a	n/a
High	1.1	1.2	2.0	2.2	1.8
Low	0.4	0.7	1.8	2.1	1.6
Average of All Private Forecasts	0.8	1.0	1.9	2.1	1.7
<b>Government of Alberta (calendar year)</b>	<b>0.9</b>	<b>1.6</b>	<b>2.0</b>	<b>2.2</b>	<b>2.1</b>

Includes forecasts finalized on or before 27 August, 2019.

## Alberta Unemployment Rate Benchmark

(%)

Organization	2019	2020	2021	2022	2023
<b>National Forecasting Agencies</b>					
Conference Board of Canada (Aug/19)	6.7	7.1	6.7	6.3	6.2
Stokes Economics (Aug/19)	6.7	6.6	6.3	5.8	5.7
<b>Banks</b>					
BMO Capital Markets (23 Aug/19)	6.7	6.6	n/a	n/a	n/a
CIBC World Markets (08 Apr/19)	7.1	6.9	n/a	n/a	n/a
Laurentian Bank (Feb/19)	6.3	6.0	n/a	n/a	n/a
National Bank (July/19)	6.7	6.6	n/a	n/a	n/a
RBC Royal Bank (June/19)	6.8	6.4	n/a	n/a	n/a
Scotiabank (12 July/19)	6.7	6.8	n/a	n/a	n/a
Toronto Dominion Bank (June/19)	6.8	6.7	n/a	n/a	n/a
High	7.1	7.1	6.7	6.3	6.2
Low	6.3	6.0	6.3	5.8	5.7
Average of All Private Forecasts	6.7	6.6	6.5	6.1	6.0
<b>Government of Alberta (calendar year)</b>	<b>6.7</b>	<b>6.5</b>	<b>6.0</b>	<b>5.5</b>	<b>5.2</b>

Includes forecasts finalized on or before 27 August, 2019.



## Alberta Housing Starts Benchmark

(thousands)

Organization	2019	2020	2021	2022	2023
<b>National Forecasting Agencies</b>					
Conference Board of Canada (Aug/19)	23.8	28.7	32.9	33.0	33.2
Stokes Economics (Aug/19)	23.9	26.2	27.8	30.2	31.4
<b>Banks</b>					
BMO Capital Markets (23 Aug/19)	25.1	30.0	n/a	n/a	n/a
CIBC World Markets (15 Jan/19)	31.0	30.0	n/a	n/a	n/a
Laurentian Bank (Feb/19)	25.0	26.5	n/a	n/a	n/a
National Bank (July/19)	24.1	25.0	n/a	n/a	n/a
RBC Royal Bank (June/19)	24.4	26.5	n/a	n/a	n/a
Scotiabank (12 July/19)	26.0	30.0	n/a	n/a	n/a
Toronto Dominion Bank (June/19)	23.4	25.7	n/a	n/a	n/a
High	31.0	30.0	32.9	33.0	33.2
Low	23.4	25.0	27.8	30.2	31.4
Average of All Private Forecasts	25.2	27.6	30.3	31.6	32.3
<b>Government of Alberta (calendar year)</b>	<b>24.5</b>	<b>27.3</b>	<b>29.7</b>	<b>32.8</b>	<b>35.0</b>

Includes forecasts finalized on or before 27 August, 2019.

BUDGET 2019

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# Fiscal Plan Revenue

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Note: Amounts presented in tables may not add to totals due to rounding.

# Revenue

## Revenue Outlook

Total revenue is estimated to be \$50 billion in 2019-20, \$392 million higher than in 2018-19. Revenue is forecast to stay relatively stable in 2020-21 and then grow by an average of about 7 per cent over the next two years, reaching \$57.5 billion in 2022-23, driven mainly by income taxes and bitumen royalties.

The forecast assumes gradual strengthening of Alberta's economy over the next year, and then accelerated growth as pipelines become operational, oil sands production growth continues, business investment, oil prices and exports increase, and the light-heavy oil price differential narrows after first widening in 2020-21. The uptick in investment, encouraged by improving market access, lower corporate taxes and elimination of the carbon tax, and related to several large petrochemical and other projects, also helps boost job creation and household income. Alberta's real GDP is estimated to expand by 0.6 per cent in 2019, 2.7 per cent in 2020 and stabilize at 3 per cent in both 2022 and 2023. The short-term weakness in 2019 is mainly related to market access, influenced by global developments, including trade disputes and Brexit, resulting slower global economic growth, and in turn a drop in oil prices, all of which hit Alberta harder as a resource-based economy. The 2019-20 revenue forecast includes a short-term increase to bitumen royalties as curtailment has helped narrow the light-heavy oil price differential. This, coupled with the lower U.S.-Canadian dollar exchange rate, more than offset the lower oil prices this year.

This forecast reflects the implications of a number of policy changes, including:

- Removing the carbon tax, which accounted for \$1.3 billion in 2018-19.
- Making Alberta the best place to do business through the Job Creation Tax Cut. The general corporate income tax (CIT) rate dropped from 12 per cent to 11 per cent on July 1, 2019, and will decrease three more times by a single percentage point on January 1 in each of the next three years till it reaches 8 per cent in 2022. Alberta's corporate tax advantage was abandoned in 2015, when the general rate was hiked from 10 to 12 per cent, while the economy entered a deep recession and jobs were being lost. Instead, lowering the rate will add momentum to economic growth through higher

Total revenue reaches \$57.5 billion by 2022-23, mainly from growth in bitumen royalties and income taxes.

Corporate income tax rate will be down to 8 per cent by 2022.

### Total Revenue

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Personal income tax	11,874	<b>11,990</b>	12,619	13,451	14,335
Corporate income tax	4,871	<b>4,177</b>	4,614	5,031	5,388
Other tax revenue	6,833	<b>5,766</b>	5,803	5,991	6,207
Resource revenue – Bitumen royalties	3,214	<b>4,682</b>	3,492	4,470	6,131
Resource revenue – other	2,215	<b>1,845</b>	1,894	2,268	2,460
Federal transfers	8,013	<b>9,200</b>	8,883	9,426	9,746
Investment income	2,349	<b>2,585</b>	2,697	2,893	3,009
Net income from business enterprises	2,585	<b>2,417</b>	2,558	2,495	2,580
Premiums, fees and licences	3,911	<b>3,872</b>	4,047	4,131	4,241
Other revenue	3,759	<b>3,482</b>	3,472	3,473	3,446
<b>Total Revenue</b>	<b>49,624</b>	<b>50,016</b>	<b>50,079</b>	<b>53,629</b>	<b>57,543</b>

Modernizing Alberta's revenue mix by applying tourism levy to on-line rental activities.

- investment and employment, and CIT revenue is expected to grow by an average of almost 9 per cent per year between 2019-20 and 2022-23.
- Enhancements to capital cost allowances will also be in place for the whole year for the first time in 2019-20.
- Increasing the tobacco tax by \$5 per carton effective October 25, 2019, and application of the tourism levy to short-term rentals offered on on-line marketplaces in 2020.
- Changing the calculation of compliance payments from large industrial emitters into the Technology Innovation and Emissions Reduction Fund (TIER), outlined in its regulations, replacing the Climate Change and Emissions Management Fund and its regulatory regime on January 1, 2020.
- Lifting the freeze on post-secondary tuition to reduce reliance on government grants and encourage more self-supporting alternative approaches to funding post-secondary programs, as recommended by the MacKinnon Panel.
- Broadening the revenue mix, through greater adoption of a "user- or beneficiary-pay" approach in some non-core agriculture insurance program enhancements and benefits, motor vehicle, land titles and several other fees, as well as through elevating the proportion of fine revenue retained by the province.
- Eliminating the capital investment, investor, and tuition and education tax credits, to return to a broad-based, low-rate tax policy approach.
- Pausing the indexation of personal income tax brackets and credits to Alberta inflation.

Relative to the last official forecast in the *2018-19 Third Quarter Fiscal Update and Economic Statement* published in February 2019, revenue has decreased by \$21.5 billion over the four years, from policy changes and due to updates to oil prices and the global and Alberta economic outlooks.

### Revenue Comparison to 2018-19 Third Quarter Forecast

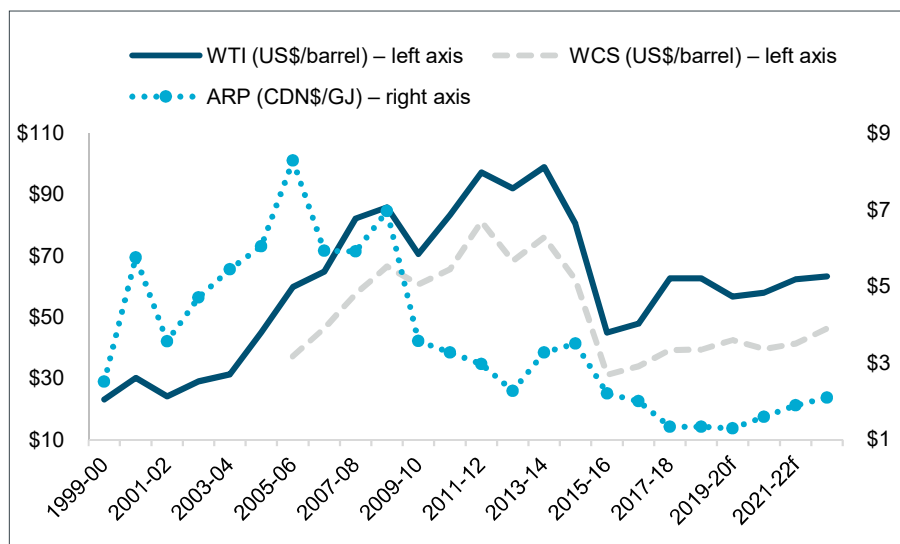
(billions of dollars)	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Current forecast</b>	<b>50.0</b>	50.1	53.6	57.5
<b>2018-19 Third Quarter forecast</b>	<b>51.6</b>	56.5	61.1	63.5
<b>Difference</b>	<b>(1.6)</b>	(6.4)	(7.5)	(6.0)
<b>Policy Adjustments:</b>				
Crude-by-rail commercial revenue	(1.0)	(3.0)	(3.3)	(1.4)
Carbon tax elimination	(1.2)	(1.4)	(1.5)	(1.5)
Job Creation Tax Cut	(0.1)	(0.5)	(0.8)	(1.0)
TIER regime - large emitters	-	(0.1)	(0.2)	(0.4)
<b>Total policy adjustments</b>	<b>(2.3)</b>	(5.0)	(5.8)	(4.3)
<b>Forecast Adjustments:</b>				
Investment income	(0.6)	(0.7)	(0.5)	(0.4)
Tax revenue	(0.1)	(0.2)	(0.3)	(0.4)
Resource revenue	1.2	(0.1)	(0.6)	(0.8)
Other revenue	0.1	(0.4)	(0.3)	(0.1)
<b>Total forecast adjustments</b>	<b>0.7</b>	(1.4)	(1.7)	(1.7)
<b>Total Adjustments</b>	<b>(1.6)</b>	<b>(6.4)</b>	<b>(7.5)</b>	<b>(6.0)</b>

Job Creation Tax Cut leaves more resources in the hands of employers and investors, spurring economic activity.

- Under the crude-by-rail venture, \$8.7 billion in revenue from selling barrels of oil in various North American locations was included in the forecast. Crude-by-rail exposed Albertans to substantial risk, as its profitability was uncertain. More information is provided in the *Overview* on page 16.
- Carbon tax elimination leaves \$5.6 billion in the economy instead of churning it through the government bureaucracy.
- A much less aggressive investment income forecast, one not based on a five-year average of above-normal returns, lowers revenue by \$2.2 billion.
- The Job Creation Tax Cut results in a net \$2.4 billion revenue reduction over four years, with more being left in the hands of businesses, investors and employers, creating jobs and adding momentum to economic growth.
- The shift to the TIER regime for large emitters reduces government's take by \$0.7 billion.
- Forecast changes, mainly to global and Alberta economic growth, oil prices, as well as due to the Line 3 pipeline delay, decrease tax and resource revenue by \$1.3 billion, although bitumen royalties are \$1.5 billion higher in 2019-20, primarily due to the narrower light-heavy oil price differential.
- Finally, various other changes lowered forecast revenue by \$0.7 billion over the four year period.

Prior revenue forecast was enlarged by the speculative crude-by-rail venture and aggressive investment income assumptions.

#### Prices of Oil and Natural Gas, 1999-00 to 2022-23



The 2014 oil price drop threw Alberta's economy into recession for both 2015 and 2016, with real gross domestic product contracting by 3.7 per cent and 4.2 per cent respectively. The economy began recovering in 2017, expanding by 4.4 per cent. Growth continued in 2018, aided by increasing oil prices, conventional investment, strong manufacturing activity, improving employment and household metrics, and higher oil sands production and exports. However, global oil prices weakened in the fall of 2018, due mainly to weakening demand from various geopolitical and trade issues, and to surging U.S. supply growth. Further, Alberta's oil prices became severely discounted

relative to the falling global benchmarks, due to insufficient market access. Alberta's economic growth fell to an estimated 2.2 per cent in 2018.

This weakness has continued in 2019, with growth estimated at only 0.6 per cent. The forecast improves in 2020, as energy and non-energy investment recovers supported by the tax reductions and anticipation of greater market access. Broad-based growth across all sectors is expected as pipelines come on-line, now expected starting in 2021, as oil sands production escalates, and with investment in new petrochemical projects boosting activity. These lead to greater exports, manufacturing activity, consumer spending, housing construction, and population and job growth. Government revenue growth begins to accelerate as well. In 2021-22, with new and expanded pipelines, bitumen royalties jump 28 per cent, and then with full market access in 2022-23, they increase another 37 per cent.

## Non-Renewable Resource Revenue

Resource revenue of \$6.5 billion for 2019-20, and grows to \$8.6 billion by 2022-23.

**Non-renewable resource revenue** in 2019-20 accounts for 13 per cent of total revenue, and its share is expected to grow to 15 per cent by 2022-23. Resource revenue is estimated at \$6.5 billion for fiscal year 2019-20, \$1.1 billion higher than in 2018-19, due almost entirely to increased bitumen royalties from the narrower differential and lower exchange rate, which more than offset current weakness in global oil prices. The West Texas Intermediate (WTI) oil price forecast of US\$57 per barrel (/bbl) for 2019-20 is US\$6 lower than the 2018-19 actual of US\$62.77. Resource revenue is projected to increase to \$8.6 billion by fiscal year 2022-23, mainly driven by accelerating bitumen royalties from slowly increasing production, but most importantly from higher oil prices as pipeline completions are expected to provide full market access towards the end of 2022.

The WTI oil price averaged almost US\$93/bbl in the four fiscal years 2010-11 to 2013-14, but then fell 70 per cent, from US\$105/bbl in June 2014 to approximately US\$30 in February 2016. The price collapse arose from global supply growth exceeding demand growth, mainly from North American growth and previously-disrupted OPEC production recovering.

In late 2016, OPEC members and several non-OPEC producers agreed to reduce output by 1.8 million barrels per day, starting in 2017, which supported oil prices. However, elevated prices fueled increased U.S. production and raised concerns about the pace of global demand-supply rebalancing, as inventories remained high. This softened prices in mid-2017. The OPEC-led agreement was extended until the end of 2018, which, together with continued demand growth, supply disruptions from geopolitical events, and reduced global inventories, contributed to boost oil prices. This strength continued through most of 2018. Even though the OPEC / non-OPEC agreement was again extended for 2019, oil prices fell to a sixteen month low in December 2018, due to rising supplies and concerns about global growth, in light of trade and other geopolitical issues.

The oil price weakness continued through 2019 as the focus shifted from oversupply to demand weakness. Oil demand growth has been affected by

global economic growth risks, including Chinese economic prospects, Brexit, and other trade and political issues. This is despite the OPEC-led production restraint and other supply issues in several oil-producing areas, including Venezuela, Iran and the Middle East.

The *Budget 2019* forecast is based on WTI oil prices averaging US\$57/bbl in 2019-20, US\$58 in 2020-21, US\$62 in 2021-22 and US\$63 in 2022-23. Other factors affecting oil royalties are the light-heavy price differential, the U.S.-Canadian dollar exchange rate, production, oil sands project status and producer costs:

- The Western Canadian Select price (WCS), a benchmark price for heavy oil (blended bitumen), is determined by the WTI U.S. dollar price less a “light-heavy differential.” The differential is linked to costs of transporting Alberta production to Gulf Coast refineries or coastal ports for export, and to the different properties of heavy oil relative to light sweet crude. Sufficient pipeline capacity lowers costs and the differential, increasing prices for Alberta producers; insufficient capacity means moving product by rail, increasing costs and the differential, lowering WCS prices. With Alberta production ramping up, pipeline access has become insufficient. The differential was US\$23.31 in 2018-19, and is forecast to average US\$14.20/bbl in 2019-20 with curtailment reducing storage inventories. With ongoing production growth, the January 2020 International Maritime Organisation bunker fuel sulphur specification change, and curtailment set to end after 2020, the differential is expected to climb to US\$18.40 in 2020-21 and then to US\$21 in 2021-22, before narrowing to US\$17.10 in 2022-23 as full market access is achieved. The Enbridge Line 3 replacement pipeline is anticipated to start operations early in 2021, while the Trans Mountain expansion and TransCanada Keystone XL pipelines are expected by the end of 2022 and in early 2023 respectively.
- A lower U.S.-Canadian dollar exchange rate supports royalty revenue. The bitumen royalty rate is based on the WTI price expressed in Canadian dollars, so the rate is higher with a lower Canadian dollar. A lower dollar also increases oil prices when they are converted from U.S. into Canadian dollars, elevating producers’ revenue in Canadian dollars. The exchange rate forecast has decreased in the short term, to 75 US¢/Cdn\$ for 2019-20, before it gradually increases, reaching 78 US¢/Cdn\$ by 2022-23.
- Bitumen production continues to grow. It is estimated to increase 17.5 per cent between 2018-19 and 2022-23 as projects and expansions are completed and output ramps up. Conventional production remains relatively flat.
- Oil sands royalties change when projects reach post-payout status (total project revenue exceeds total capital and operating costs). Prior to payout, royalties are 1–9 per cent of gross revenue, while after payout, they are the greater of 1–9 per cent of gross revenue or 25–40 per cent of net revenue.
- Several years of low oil prices incited industry to seek efficiencies, improve productivity and reduce costs. Since costs are part of royalty calculations, these support royalty revenue.

Light-heavy oil price differential narrowed to estimated US\$14.20 in 2019-20 with curtailment, then expected to widen for two years before narrowing to US\$17.10 in 2022-23 with full market access.

Bitumen production estimated to increase 17.5 per cent between 2019-20 and 2022-23.



**Bitumen royalties** are estimated at \$4.7 billion in 2019-20, \$1.5 billion, or 46 per cent higher than in 2018-19, due primarily to the narrower light-heavy differential, which is forecast to be US\$9 lower, and an almost one cent drop in the U.S.-Canadian dollar exchange rate, partly offset by the US\$6 decrease in the WTI oil price. Royalties are forecast \$1.2 billion lower in 2020-21, at \$3.5 billion. This is due to the differential expanding with an end to curtailment, the IMO sulphur regulations starting in January 2020, and higher production that incents a higher cost of transportation by rail. Bitumen royalties recover in the following two years, driven by a shrinking differential as pipeline access finally arrives, increasing global oil prices and higher production, partly offset by a rising exchange rate.

The government will supply bitumen to the North West Redwater Sturgeon Refinery. The refinery will upgrade bitumen into higher-valued products such as ultra-low sulphur diesel. The Province will receive a portion of the revenue from the sale of the upgraded product, but is also responsible for paying monthly cost of service tolls for the 30-year term of the contract.

**Conventional oil royalties** are estimated at \$1.2 billion in 2019-20, and are expected to reach \$1.3 billion by 2022-23. Revenue is mainly boosted by the gradually-increasing WTI oil price.

<b>Oil Assumptions</b>					
	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Revenue (\$ millions)</b>					
Bitumen royalty	3,214	<b>4,682</b>	3,492	4,470	6,131
Crude oil royalty	1,149	<b>1,163</b>	1,034	1,153	1,272
<b>Prices</b>					
West Texas Intermediate (US\$/bbl)	62.77	<b>57</b>	58	62	63
WCS @ Hardisty (Cdn\$/bbl)	51.65	<b>56.60</b>	52.10	54.00	59.70
Differential (US\$/bbl)	(23.31)	<b>(14.20)</b>	(18.40)	(21.00)	(17.10)
<b>Production (thousands of barrels / day)</b>					
Conventional	489	<b>490</b>	501	509	511
Raw bitumen	3,008	<b>3,108</b>	3,266	3,424	3,534
<b>Exchange rate</b> (US\$/Cdn\$)	76.3	<b>75</b>	76	77	78

**Natural gas and by-product royalties** are estimated at \$362 million in 2019-20, \$174 million, or 32.5 per cent lower than in 2018-19, due primarily to lower production, with the Alberta Reference Price (ARP) relatively flat. Revenue increases by an average of 29 per cent per year over the next two years, and is forecast at \$777 million in 2022-23. Since prices for natural gas by-products, such as propane, butane and pentanes plus, follow oil prices, the uplift in oil prices will continue to encourage production to maximize higher-valued natural gas liquids extraction.

The immediate outlook for natural gas prices continues to be mixed, with abundant natural gas supplies keeping prices low. U.S. natural gas production is expected to more than keep pace with demand growth from U.S. natural gas exports, industrial demand and retirement of coal-fired electricity plants over

the medium term. However, forecast Alberta natural gas prices are buoyed by increasing demand from expanding oil sands operations, petrochemical and electricity-generation developments, as well as B.C.'s new LNG terminal.

### Natural Gas Assumptions

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Revenue (\$ millions)	536	362	487	700	777
Alberta Reference Price (Cdn\$/GJ)	1.34	1.30	1.60	1.90	2.00
Production (billions of cubic feet)	4,158	4,108	4,114	4,116	4,065

**Bonuses and sales of Crown land leases** revenue in 2019-20 is estimated at \$164 million, a drop of \$196 million from 2018-19, as companies restrain investment to recover from several difficult years, and from waiting for more concrete resolution of market access issues. Revenue is then expected to ramp up with pipeline access.

### Non-Renewable Resource Revenue

(millions of dollars)	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Bitumen royalty	3,214	4,682	3,492	4,470	6,131
Crude oil royalty	1,149	1,163	1,034	1,153	1,272
Natural gas & by-products royalty	536	362	487	700	777
Bonuses & sales of Crown leases	360	164	239	287	291
Rentals and fees / coal royalty	170	156	134	128	120
<b>Total Resource Revenue</b>	<b>5,429</b>	<b>6,527</b>	<b>5,386</b>	<b>6,738</b>	<b>8,591</b>

## Tax Revenue

**Tax revenue** is forecast at \$21.9 billion in 2019-20, 44 per cent of total revenue. This is \$1.6 billion, or 7 per cent lower than in 2018-19, with a \$198 million increase in personal income and other tax revenue offset by a \$694 million decrease in reported corporate income tax revenue and a \$1,149 million reduction due to the elimination of the carbon tax on May 30, 2019. Tax revenue is forecast to increase by an average of 5.7 per cent for the next three years, reaching \$25.9 billion and 45 per cent of total revenue by 2022-23. This mainly reflects strong growth in personal and corporate income taxes as revenue recovers from weakness in 2019-20. Of the \$4 billion increase in tax revenue between 2019-20 and 2022-23, \$3.6 billion, or almost 90 per cent, is from income taxes.

**Personal income tax (PIT)** revenue is estimated at \$12 billion in 2019-20, an increase of only \$116 million, or 1 per cent from 2018-19. Revenue in 2018-19 was \$487 million higher than estimated in *Budget 2018* after 2017 assessment data, not received until late summer 2018, proved to be higher than expected. The increase included a prior-years' adjustment of \$432 million, reflecting underreported revenue in 2016-17 and 2017-18 annual reports. The increased revenue in 2017 also elevates the base used to forecast PIT revenue for 2018 and future years.

Tax revenue lower in 2019-20 mainly from elimination of carbon tax.

PIT revenue is forecast to increase by \$2.3 billion, or an average of 6.1 per cent per year between 2019-20 and 2022-23, to \$14.3 billion, from the elevated base and improving employment and household income growth. This forecast includes the impact of pausing indexation of tax brackets and credits, and elimination of the tuition and education tax credits.

**Corporate income tax (CIT)** is forecast at \$4.2 billion in 2019-20, a decrease of \$694 million or over 14 per cent from 2018-19, primarily as 2018-19 revenue was elevated by \$633 million from year-end accounting adjustments. This included reversals of large refund and payment in abeyance liabilities booked in prior years (\$385 million), and an increase in accounts receivable related to several large tax assessments in 2018-19 CIT (\$248 million).

The CIT forecast includes the impact of the rate reduction from 12 per cent to 11 per cent in 2019-20, and then annual reductions on January 1, 2020, 2021 and 2022, until the rate reaches 8 per cent. This represents \$200 million in tax relief in 2019-20, growing to \$2.1 billion by 2022-23. The resulting economic impact expands the corporate tax base and boosts other revenue, primarily personal income tax. This results in revenue being reduced by only a net \$100 million in 2019-20 and \$1 billion in 2022-23, as presented in the table on page 64. The CIT forecast also includes the impact of a full-year of enhancements to capital cost allowances in 2019-20, reducing revenue by an estimated \$370 million. These changes improve competitiveness and attract investment by reducing the cost of doing business in Alberta, as suggested by the MacKinnon Panel. The forecast also reflects the elimination of the Alberta Investor and Capital Investment tax credits, increasing revenue \$39 million in 2020-21 and 2021-22, as Alberta moves back to broad-based, low-rate tax policy. Tax credits reported in expense, including a portion of the Alberta Investor credit, and the Scientific Research and Experimental Development credit and Interactive Digital Media credit, are also being eliminated.

Based on improving oil prices, expanding oil production, rising economic activity and cost containment, corporate income tax revenue increases \$1.2 billion between 2019-20 and 2022-23, an average of almost 9 per cent per year, to \$5.4 billion.

**Education property tax revenue** is forecast at \$2.5 billion in 2019-20, an increase of \$14 million from 2018-19, based on freezing the mill rates for the 2019 requisition, and then deducting an estimated \$30 million from revenue for two credit programs, the Provincial Education Requisition Program (PERC) and the Shallow Gas Tax Relief Initiative (SGTRI). PERC provides an equivalent education tax credit for municipalities who are unable to collect education property tax on delinquent oil and gas properties. SGTRI provides a 35 per cent property tax reduction to qualifying shallow gas well and pipeline properties, and reimburses municipalities with an equivalent tax credit for the tax reduction.

The forecast for future years is based on increasing the requisition by population growth and inflation, though the government will revisit the policy for determining the requisition annually as part of the budget process. The residential/farm mill rate remains at \$2.56 per \$1,000 of equalized assessment

Corporate income tax rate reduction increases competitiveness and attracts investment, as recommended by MacKinnon Panel.

for 2019, and the non-residential rate remains at \$3.76 per \$1,000 of equalized assessment for 2019.

Between 2008 and 2018, Alberta municipal property tax revenue almost doubled - from \$3.8 billion to \$7.4 billion – while provincial education property tax revenue increased from \$1.6 billion to \$2.4 billion (see pages 151–152 of the *Tax Plan*). The government believes that lowering overall taxes is a priority, given current fiscal, economic and employment conditions, and is exercising significant restraint to leave more in the hands of taxpayers and job creators. Municipal spending levels directly impact the overall tax burden, and restraint is encouraged.

**Other tax revenue** is forecast at \$3.3 billion in 2019-20, \$1.1 billion lower than in 2018-19, due to elimination of the carbon tax on May 30, 2019. The tax is estimated to have captured \$175 million from Alberta taxpayers in the two months it remained in effect in 2019-20.

Other tax revenue, omitting the \$175 million carbon tax revenue in 2019-20, is anticipated to grow \$304 million to \$3.4 billion, an average of 3.1 per cent per year between 2019-20 and 2022-23, with two-thirds of the increase from insurance taxes, due to anticipated premium growth, and one-third from fuel taxes. The forecast includes the impact of raising the tobacco tax by \$5 per carton, increasing revenue by \$14 million in 2019-20 and by \$45 million by 2022-23, though tobacco tax revenue actually declines by \$9 million over that period from reduced consumption. It also includes about a \$5 million increase per year in the tourism levy beginning in 2020-21, as it is applied to short-term rentals offered on on-line marketplaces. Other taxes reflect Alberta's cannabis tax, forecast at \$30 million in 2018-19, \$70 million in 2019-20 and rising to \$84 million by 2022-23.

The government intends to implement a tax on vaping products, and will provide details as part of *Budget 2020*. No revenue implications from this are included in the *Budget 2019* forecast.

Property tax take from municipalities has doubled since 2008, while provincial revenue has increased by 50 per cent.

## Tax Revenue

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Personal income tax	11,874	<b>11,990</b>	12,619	13,451	14,335
Corporate income tax	4,871	<b>4,177</b>	4,614	5,031	5,388
Education property tax	2,441	<b>2,455</b>	2,567	2,661	2,767
Carbon tax	1,324	<b>175</b>	-	-	-
Other taxes	3,068	<b>3,136</b>	3,236	3,330	3,440
<b>Total</b>	<b>23,578</b>	<b>21,933</b>	<b>23,036</b>	<b>24,473</b>	<b>25,930</b>

## Federal Transfers

Federal transfers are forecast at \$9.2 billion in 2019-20, about 18 per cent of total revenue. This is an increase of \$1.2 billion, or 15 per cent from 2018-19, primarily from regular growth in major transfers for health care and social programs, increased support under the new Investing in Canada Infrastructure Plan, a one-time \$230 million top-up to the Gas Tax Fund, and a \$252 million fiscal stabilization payment related to the 2016-17 revenue decline.

The Canada Social Transfer (CST) and Canada Health Transfer (CHT) grow in line with federal annual escalators and changes to Alberta's share of the national population. For CST, the escalator is 3 per cent, while for CHT, it is based on the higher of the three-year average of national nominal GDP growth, or 3 per cent. For 2019-20, the CHT escalator is estimated at 4.2 per cent. In November 2018, Statistics Canada revised provincial population numbers, which lowered Alberta's entitlement slightly going forward.

The forecast includes funding for a number of specific programs. The renewed labour market agreements increase by \$64 million between 2018-19 and 2022-23. The Early Learning and Child Care Agreement begun in 2017-18 provides \$46 million per year. The \$1.3 billion ten-year home care and mental health care agreement provides \$130 million in 2019-20 and then \$469 million over the next three years, 2020-21 to 2022-23. The federal government is providing \$24 million by 2022-23 to combat opioids, and funding for drug impaired driving training, the Guns and Gangs initiative and Legal Aid.

Federal support for infrastructure was increased with two new programs for public transit and clean water and wastewater several years ago, with remaining funding expected in 2020-21. The new Investing in Canada Infrastructure Plan allocated \$3.4 billion to Alberta, with \$6 million spent in 2018-19, and \$163 million budgeted in 2019-20, \$221 million in 2020-21, \$483 million in 2021-22 and \$520 million in 2022-23. Another \$1.7 billion is budgeted between 2023-24 and 2027-28. Decisions on the remaining \$0.3 billion are still being determined.

Federal transfers are forecast to grow by an average of 2 per cent between 2019-20 and 2022-23, reaching \$9.7 billion, with expected increases in CHT, CST and other transfers enhanced by the programs noted above, but slightly offset by the one-time transfers in 2019-20 for the Gas Tax Fund and fiscal stabilization.

Investing in Canada Infrastructure Plan provides \$3.4 billion to Alberta, with \$3 billion allocated to LRT projects in Edmonton and Calgary.

### Transfers from Government of Canada

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Canada Health Transfer	4,461	<b>4,697</b>	4,891	5,090	5,320
Canada Social Transfer	1,637	<b>1,705</b>	1,766	1,831	1,901
Transfers to SUCH sector	522	<b>568</b>	580	595	607
Agriculture support programs	272	<b>271</b>	267	268	268
Infrastructure support	397	<b>912</b>	586	813	867
Labour market agreements	255	<b>276</b>	299	314	314
Other transfers	469	<b>771</b>	494	515	469
<b>Total</b>	<b>8,013</b>	<b>9,200</b>	<b>8,883</b>	<b>9,426</b>	<b>9,746</b>

## Investment Income

Investment income is forecast at \$2.6 billion in 2019-20, a \$236 million or 10 per cent increase from 2018-19, mainly due to weaker returns for the Heritage and endowment funds in 2018-19, as global equity markets struggled after a half-decade of strong returns. The forecast typically assumes market returns will trend back to “normal” rates, so income tends to increase in years after below-average returns, and as appreciation in asset values are realised. Over the five years 2013-14 to 2017-18, investment income averaged \$3.2 billion.

Investment income is estimated to increase by an average of 5.2 per cent per year between 2019-20 and 2022-23, reaching \$3 billion. This is mainly from typical Heritage and endowment fund income growth, increasing Alberta Capital Finance Authority (ACFA) income and higher income from student loans as interest rates rise. These are partly offset by lower income from eliminating and repatriating cash from several inactive or unnecessary funds.

Investment income from ACFA is forecast to increase by \$151 million or an average of 12.4 per cent between 2019-20 and 2022-23. ACFA accesses the government’s strong credit rating to borrow, and then transfers that advantage to municipalities and other local authorities by on-lending the proceeds. The increases result from anticipated higher demand and greater use of complex financial instruments, such as swaps. These are used to mitigate risk associated with managing the debt portfolio and the portfolio of loans provided to local authorities, including cash flow timing differences for repayments. As a significant amount of “fixed rate” debt has or is maturing, it is being replaced with “floating rate” debt to manage this risk. There is a related offsetting increase in debt servicing costs.

The Agriculture Financial Services Corporation (AFSC) similarly borrows at the government’s rate and lends the proceeds to Alberta’s agriculture sector. Again, associated debt servicing costs are offset by income from loans. AFSC is also an insurer, and has additional funds and investment income from this activity.

Investment income estimated to increase in 2019-20, as 2018-19 income was weak.

### Fund Assets / Investment Income

(millions of dollars)	Assets as at Mar. 31, 2019	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Heritage Savings Trust Fund	15,956	1,071	<b>1,286</b>	1,217	1,336	1,422
Endowment funds <sup>a</sup>	4,135	234	<b>269</b>	304	346	367
Alberta Capital Finance Authority	16,478	359	<b>358</b>	485	497	509
Agriculture Financial Services Corp.	5,507	138	<b>137</b>	142	149	157
SUCH sector	n.a.	298	<b>284</b>	287	289	293
Cash reserve	2,268	76	<b>82</b>	82	74	71
Other <sup>b</sup>	6,967	173	<b>169</b>	180	202	190
<b>Total</b>	<b>51,311</b>	<b>2,349</b>	<b>2,585</b>	<b>2,697</b>	<b>2,893</b>	<b>3,009</b>

<sup>a</sup> Includes Alberta Heritage Foundation for Medical Research Endowment Fund, Alberta Heritage Scholarship Fund and Alberta Heritage Science and Engineering Research Fund.

<sup>b</sup> Assets include Contingency Account, Cancer Prevention Legacy Fund and Alberta Enterprise Corporation; investment income includes income from these sources, student loans and other investment income from a variety of smaller funds and accounts.



## Other Revenue

Other revenue is forecast at \$9.8 billion in 2019-20, 19.5 per cent of total revenue. This is a decrease of \$484 million from 2018-19, mainly due to the sluggish economic conditions in 2019 and to several intermittent increases in 2018-19. This revenue climbs to \$10.3 billion in 2022-23.

The Alberta Gaming, Liquor and Cannabis Commission (AGLC) is responsible for regulation and on-line retail sales of cannabis. Net income includes retailer fees and sales revenue, less costs for administration and purchasing inventory. In 2018-19, net income was negative \$34 million, and the forecast is for income to remain negative for the next four years, as set-up, administration and inventory costs exceed revenue. AGLC gaming revenue is down in 2019-20, reflecting the short-term economic weakness in late 2018 that spilled over into 2019, but then grows with the forecast strengthening economy. Liquor revenue is forecast to increase gradually over the next few years.

ATB Financial net income is forecast to gradually recover in 2019-20 from the 50 per cent drop in 2018-19, due primarily to higher-than-expected credit losses from the economic slow-down. Net income then returns to healthier growth in the following two years.

The Balancing Pool was consolidated in government reporting at year-end 2016-17, with a \$2 billion net liability resulting from the return of various power purchase arrangements, reported as negative revenue. As the Pool is required to extinguish its net liability by 2030, it needs to generate sufficient net income over this period to do so. The net liability was lowered \$763 million in 2017-18 and by \$361 million in 2018-19 (reported as positive revenue), based on this need, and also due to higher-than-expected electricity prices. The Pool's net income is estimated at \$210 million in 2019-20, due to continuing efforts to decrease the liability, and to lower debt servicing costs as forecast borrowing requirements have declined with the drop in the liability.

Net income from the Alberta Petroleum Marketing Commission turned negative in 2018-19, due to requirements to make debt toll payments starting June 1, 2018, while the full start-up of the Sturgeon Refinery has been delayed.

Other premiums, fees and licences revenue is lower in 2019-20 due mainly to lower timber royalties and fees, which were elevated in 2018-19 due to record lumber prices, from strong North American housing markets, reduced supply with severe forest fires in B.C. and the U.S., and transportation constraints. Housing markets are not expected to be as strong, and the forecast is cautious due to softwood lumber trade agreement uncertainties. Other premiums, fees and licences revenue recovers in 2020-21, with the economy strengthening and due to a number of policy changes intended to diversify revenue, enhance links between costs and consumers, and move Alberta closer to the averages of fees in other jurisdictions:

- The share of premiums for a number of agriculture insurance program enhancements and benefits not offered elsewhere is being changed, with producers covering an increasing portion, instead of the government. While this is estimated to increase revenue by \$19 million in 2020-21,

growing to \$35 million by 2022-23, overall premium rate reductions being implemented will mitigate most of the additional producer costs.

- Increases to motor vehicle and land titles fees are estimated to add about \$9 million to 2019-20 revenue, growing to \$41 million by 2022-23.
- Fees for museum admissions and statements of health benefits paid, and rental rates for grazing leases are increasing. New fees for Alberta Immigrant Nominee Program applications and other services are being introduced. These raise revenue by \$8 million by 2022-23.

School board, post-secondary institution and health authority (SUCH sector) fundraising and donations revenue is expected to drop \$123 million in 2019-20. These types of revenue are linked to economic conditions, and SUCH sector entities employ a relatively conservative approach to forecasting the revenue.

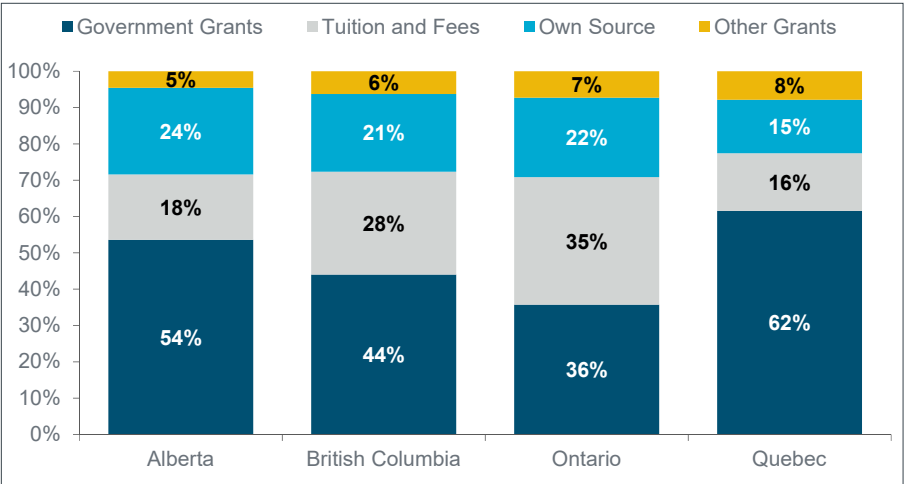
Compliance payments from large industrial emitters to the new Technology Innovation and Emissions Reduction Fund, based on a \$30 per tonne carbon price, are estimated to decline in 2020-21 with the regulatory regime effective January 1, 2020. Revenue continues to decrease over the forecast based largely on reduced compliance payments from the electricity sector.

The MacKinnon Panel recommended that post-secondary institutions explore broader revenue streams to reduce reliance on government, and ask students to pay a higher proportion for their post-secondary education, as in other provinces. The freeze on tuition fees is therefore ending in 2020-21, and fees are permitted to increase by up to 7 per cent per year for the next three years, to move closer to the revenue mix of other jurisdictions. Revenue grows by \$231 million between 2019-20 and 2022-23, with \$181 million attributable to the fee increase.

Agriculture producers to pay higher share of premiums for certain insurance program enhancements and benefits.

MacKinnon Panel recommended post-secondary institutions broaden their revenue mix, reduce reliance on government grants and move to comparable funding frameworks as other provinces.

University Revenue Sources by Province



Sources: 2016-17 Revenue from Canadian Association of University Business Officers FIUC database; 2016-17 University Headcount from Statistics Canada Table 37-10-0015-01.

Other revenue is estimated to decrease \$274 million in 2019-20, due mainly to several non-recurring or unexpectedly-high items in 2018-19 revenue, including gains on asset disposals and adjustments for prior-year expense accruals, such as



for disasters, or social, health and other grant programs. AIMCo investment management charges are also expected to be lower in 2019-20. The forecast includes increases to revenue from municipalities instead of the province paying for biology casework analysis, estimated at \$5 million starting in 2020-21, and sharing 60 per cent of fines and penalties revenue with municipalities, instead of 73.3 per cent, estimated at \$37 million per year beginning 2020-21.

## Revenue from Other Sources

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
AGLC - gaming / lottery	1,446	<b>1,414</b>	1,410	1,454	1,481
AGLC - liquor	860	<b>823</b>	910	928	947
AGLC - cannabis	(34)	<b>(31)</b>	(34)	(24)	(25)
ATB Financial	139	<b>153</b>	243	284	284
Balancing Pool	361	<b>210</b>	85	94	103
Alberta Petroleum Marketing Comm.	(215)	<b>(173)</b>	(78)	(264)	(234)
Post-secondary tuition fees	1,256	<b>1,309</b>	1,396	1,467	1,540
Health / school board fees	701	<b>697</b>	705	714	723
Other premiums, fees and licences	1,954	<b>1,866</b>	1,946	1,950	1,978
SUCH sales, rentals, services	968	<b>1,053</b>	1,067	1,081	1,094
SUCH fundraising, donations, gifts	809	<b>686</b>	701	712	720
TIER Fund	528	<b>556</b>	478	454	415
Other	1,482	<b>1,208</b>	1,248	1,249	1,240
<b>Total</b>	<b>10,255</b>	<b>9,771</b>	<b>10,077</b>	<b>10,099</b>	<b>10,267</b>

## Risks

Alberta relies heavily on revenue that is volatile and unpredictable, including non-renewable resource revenue, corporate income tax and investment income. Since 2004-05, these have accounted for up to 55 per cent of total revenue, but in 2019-20 they are estimated at only 27 per cent. This revenue is linked to factors such as energy prices, equity markets, exchange and interest rates, geopolitical events, global economic swings and weather, which are all uncertain and can fluctuate rapidly. The corporate income tax and resource revenue decline relative to 2014-15 was directly tied to the oil price collapse. This large revenue uncertainty means the Alberta government must assess the degree of risk associated with its revenue outlook and spending decisions.

For example, under a “no market access” scenario, described on pages 49–50 of the *Economic Outlook*, in which the three expected pipelines (Enbridge Line 3, Trans Mountain expansion and Keystone XL) are permanently cancelled, foregone income tax and resource revenue would be \$3 billion by 2022-23. This is due to the higher transportation costs bitumen producers would face and, in turn, lower prices they would receive. Transportation by rail adds US\$7–9 per barrel to costs, and the light-heavy oil price differential would climb to US\$21.70 per barrel instead of the US\$17.10 per barrel that the *Budget 2019* forecast is based on. As a result, investment in Alberta would be about \$13 billion lower, production about 120,000 barrels per day less, and jobs and the economy would be significantly impacted.

The MacKinnon Panel recommended the government adopt a Revenue Forecasting Allowance equal to 0.75 per cent of total revenue, once the budget

No market access scenario reduces revenue by \$3 billion in 2022-23.

is balanced in 2022-23, growing to 1.25 per cent of revenue over the following three years. *Budget 2019* implements this recommendation. An allowance of \$450 million must be deducted prior to the balanced budget calculation.

Resource Forecast Allowance of \$450 million included in 2022-23 bottom line, as recommended by MacKinnon Panel.

## Global and US Economies

- *Budget 2019* assumes global economic expansion of around 3 per cent in 2019. Growth in China continues to decelerate, and trade disputes and other issues have slowed economic activity in many economies. Substantial risks remain. Weaker-than-forecast global growth would harm Alberta's revenue forecast, as oil prices would remain lower for longer.

## Energy Prices

- The WTI oil price is forecast to average US\$57/bbl in 2019-20, \$58 in 2020-21, \$62 in 2021-22, and then \$63 in 2023-24. These prices are in line with the average of energy analysts surveyed by the government.
- Price forecasts depend on an array of assumptions about demand and supply. Factors influencing demand include economic growth in disparate regions around the world, from the U.S. to China to Europe, pipeline or refinery outages, and storage and speculative market activities by traders. On the supply side, the level and duration of compliance with the agreement to cut production by OPEC and several non-OPEC members is critical, as has been the response to higher prices by the U.S. industry. Other factors include investment and drilling decisions by other producers, geopolitical events, civil unrest or terrorist strikes, economic sanctions, or simple weather-related production disruptions.
- Without sufficient pipeline capacity, Alberta's growing bitumen production has to be transported by more costly rail, increasing the light-heavy differential, lowering prices for producers and government revenue.
- Natural gas prices remain weak due mainly to increasing production of U.S. shale gas that has outstripped demand growth.

Without sufficient pipeline capacity, Alberta producers face higher transportation costs, lowering prices they receive.

## Interest Rates

- Interest rates bumped up during the last year, and are forecast to rise very gradually over the next several years. Lower rates generally help government investment income. While short-term investments perform poorly, the

## Sensitivities to Fiscal Year Assumptions, 2019-20<sup>a</sup>

(millions of dollars)

	Change	Net Impact
Oil price (WTI US\$/bbl)	-\$1	-310
Light-heavy oil price differential (US\$/bb)	+\$1	-280
Natural gas price (Cdn\$/GJ)	-10¢	-20
Exchange rate (US\$/Cdn\$)	+ 1¢	-260
Interest rates	+1%	-255
Primary household income	-1%	-210

<sup>a</sup> Sensitivities are based on current assumptions of prices and rates and show the effect for a full 12 month period. Sensitivities can vary significantly at different price and rate levels. The energy price sensitivities do not include the potential impact of price changes on the revenue from land lease sales.

market value of bonds with higher rates held in endowment portfolios increase. Lower rates also typically encourage business investment, economic activity and consumer spending, all providing economic support to Alberta's resource-based economy.

- Rising rates pose risks for indebted households, consumer spending and the government. Substantial borrowing is planned, and higher rates make borrowing or refinancing of debt more expensive.

### **Exchange Rates**

- The US-Canadian dollar exchange rate is forecast to average 75US¢/Cdn\$ in 2019-20, 76 cents in 2020-21, 77 cents in 2021-22, and 78 cents in 2022-23. It was 76.3US¢/Cdn\$ in 2018-19.
- A stronger Canadian dollar decreases the value of oil exports and the demand for exports priced in Canadian dollars. Changes in the exchange rate affect the profitability of energy producers, which can affect investment and government resource revenue as energy prices and contracts are mainly in US dollars. Investment income is also impacted due to significant foreign holdings in the Heritage Savings Trust Fund and endowment funds.

### **Equity Markets**

- Equity markets performed well for five years, but were not as strong in 2018-19. Investment income benefited, averaging more than \$3 billion between 2013-14 and 2017-18, though it fell to \$2.3 billion in 2018-19. Markets can be affected by a wide range of factors, such as the strength of the U.S., European and developing economies, or fluctuations in commodity prices and interest rates.
- Alberta has significant assets invested globally. Forecast investment income is based on long-term expected rates of return. Financial market performance and investment income could vary considerably.

### **Net Corporate Operating Surplus**

- Corporate profits in Alberta were hit hard in 2015 and 2016, but began rebounding in 2017 and 2018 with reduced costs, and growing production, exports and consumer spending. In late 2018, oil prices declined and the light-heavy oil price differential expanded, eroding corporate profits in 2018 and those expected for 2019. Production curtailment is also impacting sales volumes and income. Business investment is expected to improve, bolstered by petrochemical and other projects. However, it can be difficult to predict how forecast net corporate operating surplus translates to corporate income tax revenue. Taxable income can differ significantly from corporate profits, due to tax changes or discretionary deductions such as depreciation or prior-year losses which can be carried forward or back and affect corporate income tax revenue for years.

BUDGET 2019

GOVERNMENT OF ALBERTA | 2019–23

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# Fiscal Plan Expense

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Note: Amounts presented in tables may not add to totals due to rounding.

# Expense

## Spending Within Our Means

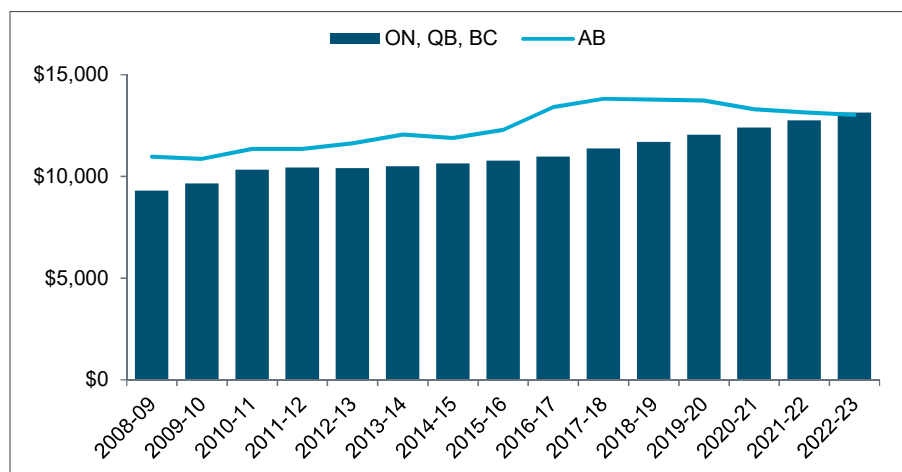
*Budget 2019* is focused on bringing government spending within our means while protecting Alberta's core public services and making life better for all Albertans.

The previous government dramatically increased debt and the costs of servicing that debt, and left Albertans with a precarious financial situation as total expenses grew by over \$7 billion, or 15 per cent, over four years (2016-2019).

Policy and legislative changes will realize operating savings of 0.5 per cent in 2019-20 and 2.3 per cent by 2020-21. Total operating spending by 2022-23 will be 2.8 per cent lower, or \$1.3 billion lower, than 2018-19 levels. Total cumulative operating savings over the next four years is nearly \$4 billion compared to 2018-19.

The goal is to bring government spending more in line with that in other provinces, while providing the better services and outcomes Albertans deserve.

### Expenditures Per Capita



**Source:** Amounts for 2008-09 to 2017-18 are based on Statistics Canada data. Amounts for Alberta from 2018-19 onward are based on the amounts presented in the budget adjusted for Statistics Canada methodology. Expenditures for BC, ON, QB from 2018-19 onward were adjusted based on the percentage increase provided in each province's budget.

## Budget 2019 – 4 Year Expense Summary Table

(in millions)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense by Ministries</b>					
Health	20,409	20,610	20,616	20,632	20,672
Kindergarten to Post-Secondary Education					
Kindergarten to Grade 12	8,223	8,223	8,223	8,223	8,223
Post-Secondary	5,392	5,117	4,976	4,866	4,756
Social Service Ministries	5,754	6,134	6,188	6,244	6,268
Other Ministries	8,656	8,115	7,332	7,214	7,174
<b>Total Operating Expense</b>	<b>48,434</b>	<b>48,199</b>	<b>47,335</b>	<b>47,179</b>	<b>47,095</b>
Disaster and Emergency Assistance	507	636	-	-	-
Capital Grants	1,952	2,086	1,957	1,999	2,024
Amortization/Inventory Consumption/Loss on Disposals	3,651	3,691	3,775	3,848	3,875
Debt Servicing	1,971	2,265	2,520	2,780	3,013
Pension Provisions	(190)	(337)	(375)	(324)	(248)
Expense before Crude by Rail and Contingency	<b>56,329</b>	<b>56,540</b>	<b>55,212</b>	<b>55,482</b>	<b>55,759</b>
Crude by Rail Provision	6	1,500	-	-	-
Contingency and Disaster and Emergency Assistance	-	680	750	750	750

Government is committed to providing public services to people with the greatest need. To that end, *Budget 2019* maintains or increases funding to core social services. *Budget 2019* maintains annual funding of:

- \$20.6 billion to provide health services.
- \$8.2 billion for kindergarten to grade 12 (K–12) education services.
- \$3.9 billion for community and social services.
- \$1.6 – \$1.7 billion for children’s services.
- \$638 million for seniors and housing services.

Government is taking a prudent approach to all government spending to ensure value for money and live within our means.

## Health

The Ministry of Health delivers services to all Albertans and fosters healthy communities where families can thrive. *Budget 2019* puts patients at the centre of Alberta's health care system by improving access so that all Albertans, regardless of where they live, can get high quality health care faster when they need it.

Health spending is the largest budget expenditure at about 43 per cent of total operating costs. Spending grew an average of 5 per cent per year from 2008-09 to 2018-19. There are significant system pressures and challenges: population increases, inflation, increasing drug costs and the need for more continuing care, and addictions and mental health care spaces. This government will make careful, evidence-based decisions to help mitigate these challenges and reduce rising costs. Controlling costs will help us live within our means while providing efficient, quality services to everyone in Alberta.

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### Alberta Health Care Spending Per Capita vs Other Provinces

	AB	BC	ON	QC	Avg (excl.AB)
Health per capita spending (2018)	\$ 5,077	\$ 4,267	\$ 4,080	\$ 4,370	\$ 4,239
Difference (versus average)	\$ 838	\$ 28	\$ (159)	\$ 131	
Population (in millions)	4.31	4.99	14.32	8.39	
Total health spending difference from average (in billions)	\$ 3.61	\$ 0.14	\$ (2.28)	\$ 1.10	

**Sources:** CIHI National Expenditure Database; values for 2018 are forecast. Statistics Canada.  
Table 17-10-0005-01 Population Estimates on July 1st by Age and Sex

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*Budget 2019* acts on government's commitment to maintain or increase health spending and provide a universally accessible, publicly-funded health system. Health's operating budget is \$20.6 billion in 2019-20, an increase of \$201 million, or 1 per cent from 2018-19. Funding over four years provides:

- \$100 million for the Mental Health and Addiction Strategy.
- \$40 million for an Opioid Response Strategy.
- \$20 million for Palliative Care.
- \$6 million for a new Sexual Assault Hotline.
- \$4 million for the Health Quality Council of Alberta.

A detailed plan to address surgical wait times is in development for Budget 2020.

Alberta spends more per person compared to other provinces, yet we do not have better health outcomes. The ministry must be more innovative and efficient with the billions of dollars spent on health every year and to offset cost pressures from growing demand for services, and growing cost of services.



## **Alberta Health Services (AHS)**

Independent contractor Ernst & Young is completing the first comprehensive review of AHS since it was formed 10 years ago. The final report will be released publicly, and is due to government by December 31, 2019. The review will identify potential ways AHS can reduce costs and improve system performance. Savings will be re-invested into front-line services.

In 2019-20, a total of \$15.4 billion is budgeted for AHS operations. AHS continues to find savings through ongoing operational best practice initiatives. It will implement many other savings initiatives to offset continued growth pressures, including reducing overall compensation costs within the parameters of the existing collective agreements. Savings in corporate and support areas, as well as clinical reforms, will reflect service levels in other provinces and will provide more consistent services within Alberta. Outsourcing linen and other services are under consideration to allow AHS to focus on the delivery of health care.

## **Drugs and Supplemental Health Benefits**

Provinces and the federal government have been working together on initiatives, including a pan-Canadian generic drug pricing agreement, to reduce the rate of growth in provincial drug costs. However, Alberta's drug costs are higher than in other provinces, in part due to program design.

*Budget 2019* reflects savings from implementing a number of program changes. Benefits to people most in need will not be affected.

Program changes will include expanding both the Biosimilars Initiative and Maximum Allowable Cost pricing rules to limit drug benefit coverage to lower-cost alternatives that are clinically appropriate. The Alberta Seniors Drug Benefit Program provides coverage for non-senior dependents such as partners and dependents under 65, a benefit few other provinces provide. Dependent coverage will end later this fiscal year and income testing for seniors drugs will be explored. Even with these changes, \$1.7 billion in operating expense is budgeted for these programs in 2019-20, consistent with 2018-19 spending.

## **Enhancing Scope of Practice**

Enhancing scope of practice for professionals in long-term care facilities gives operators the flexibility to hire and deploy the most appropriate staff based on residents' assessed needs and regulatory requirements. Expanding the Licensed Practical Nurse (LPN) scope lets LPNs work to their full professional capacity. In turn, this can lower the number of Registered Nurse (RN) funded hours per weighted resident day with no impact on residents' quality of care. Overall, the mix of funded hours will change. Over three years (2020-23), savings of over \$100 million are anticipated through these changes.

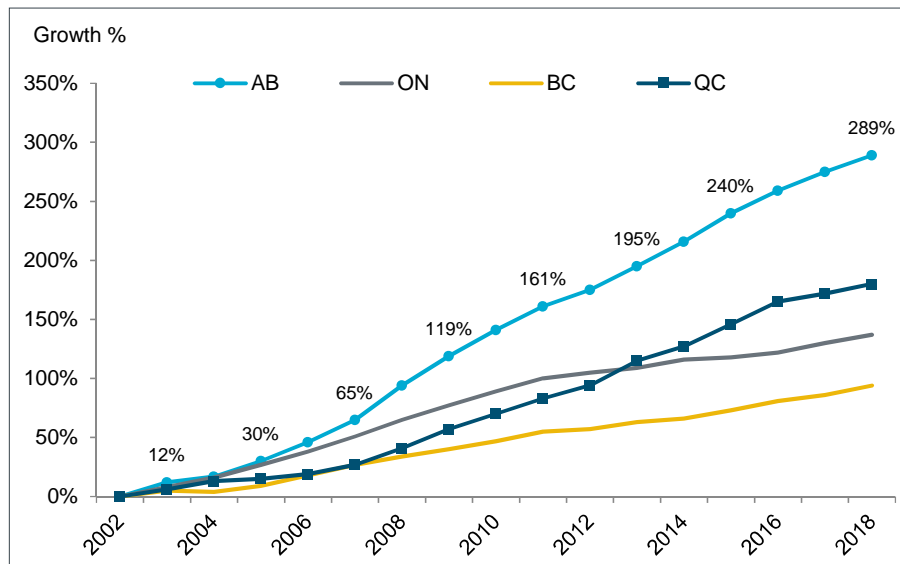
## **Physician Compensation and Development**

The MacKinnon Panel highlighted that physician compensation in Alberta has grown by nearly 300 per cent since 2002, and average physician fee-for-service billings in Alberta are significantly higher than other provinces. The panel's

report noted that one of the challenges in addressing physician compensation costs is the current agreement with the Alberta Medical Association (AMA), which precludes significant changes in how physicians are paid.

The agreement expires on March 31, 2020. Government is prepared to negotiate with the AMA to limit cost growth. Program changes will be required, including adjustments to the schedule of medical benefits, and measures to reduce the rate of growth in the supply of physicians will be necessary to reduce the rate of growth in physician compensation costs. A total of \$5.3 billion is budgeted in 2019-20 for Physician Compensation and Development programs, consistent with spending in 2018-19.

### Provincial Physician Expenditure Growth Since 2002



**Note:** Values used for 2017 & 2018 are forecasts. Comparator Average excludes Alberta.  
**Source:** Alberta Health completed analysis of the CIHI National Health Expenditure Database.

Slight reductions in Acute Care reflect shifting more funds into Community and Continuing Care. Administration costs have been reduced by 4 per cent from 2018-19 and will be reviewed for further savings following the Ernst & Young report.

### Ministry of Health – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Acute Care	3,767	3,713	3,675	3,675	3,698
Administration	553	530	530	530	530
Ambulance Services	506	495	493	493	494
Cancer Research and Prevention Investment	2	10	14	15	15
Community Care	1,394	1,460	1,488	1,520	1,543
Continuing Care	1,121	1,138	1,138	1,154	1,173
Diagnostic, Therapeutic and Other Patient Services	2,378	2,340	2,328	2,321	2,326
Drugs and Supplemental Health Benefits	1,653	1,740	1,735	1,731	1,733
Home Care	682	682	682	682	682
Information Technology	491	559	636	596	530
Ministry Support Services	60	62	61	61	61
Physician Compensation and Development	5,282	5,311	5,295	5,298	5,326
Population and Public Health	551	618	615	626	626
Research and Education	80	74	77	80	75
Support Services	1,890	1,879	1,850	1,850	1,861
<b>Total Operating Expense</b>	<b>20,409</b>	<b>20,610</b>	<b>20,616</b>	<b>20,632</b>	<b>20,672</b>

# Kindergarten to Post-Secondary Education

## Education – K-12

The Ministry of Education supports students, parents, teachers and administrators from Early Childhood Services (ECS) through Grade 12.

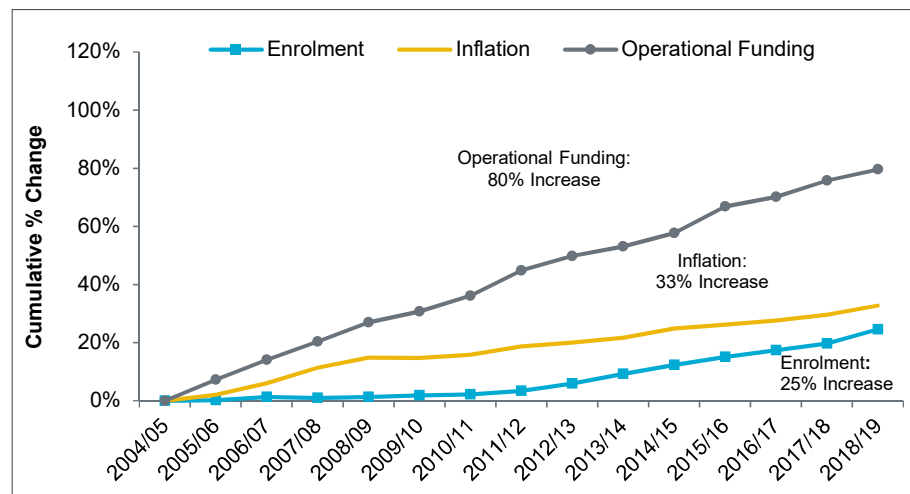
Education's operating expense is \$8.2 billion, the same as actual spending in 2018-19. Alberta's K-12 population continues to grow at a higher rate than other provinces and is up by more than 23 per cent over the past 10 years.

*Budget 2019* keeps government's commitment to fund enrolment growth of 2.2 per cent. Three previously targeted grants are reallocated and a one-time transitional grant is implemented to maintain funding at 2018-19 levels for school authorities, including independent schools and home schooling.

Education's current funding model is not sustainable. Operational funding is driven by enrolment, and demographic changes lead to increased competition among school authorities rather than collaboration and sharing services to optimize efficiency. More students, complex student needs, growing programs and increasing costs need a new framework to support better student outcomes sustainably.

The MacKinnon Panel reported that Alberta has a well-funded education system compared to other provinces, spending \$11,121 per student compared to British Columbia at \$9,681.

### Student Enrolment Growth – A Historical Perspective 15 years



Source: Budget & Fiscal Analysis Branch, Alberta Education

The MacKinnon Panel recommended government review and revise its education funding formula to address enrolment growth, and provide incentives for sharing services and achieving better student outcomes. This recommendation is in keeping with government's commitment to maintain education funding, while seeking greater efficiency by reducing administration overhead and pushing resources to front-line teachers.

The ministry is consulting with stakeholders as part of an assurance and funding review. This will support the development of a new K–12 Assurance and Funding Framework that will come into effect in September 2020 for the 2020-21 school year. The new framework is expected to:

- Increase the share of funding going into the classrooms.
- Contain cost growth.
- Predictably allocate funds.
- Assure the long-term viability of rural schools.
- Improve key performance data available to parents and reporting to stakeholders.
- Foster collaboration among school authorities in procurement and providing services to realize economies of scale, create centres of excellence and encourage best practices.

*Budget 2019* will use the 2019-20 school year as a transition year for the current funding model, keeping government's commitment to fund enrolment growth while re-allocating the Class Size Funding, Classroom Improvement and School Fee Reduction grants, and introducing a one-time per student transition grant to school authorities.

In consultation with the minister, school authorities can spend their own-source revenue and reserves generated from accumulated surpluses of prior years. Revenue from sources other than government was \$782 million in 2018-19 and is expected to grow over \$100 million in the next four years. This is to respect parents' choice by increasing school boards' ability to provide specialized educational services focused on individual student needs at a reasonable fee. School boards also have access to \$392 million in accumulated reserves from operations, and \$226 million in capital reserves, so they can continue to deliver high level educational services while we transition into a new more sustainable funding model.

The table on the following page shows how adjusted accumulated reserves from operations grew consistently from 2012-2016 by over 60 per cent before beginning to drop in 2017. This led to increased Auditor General scrutiny of how the department monitors school board reserves, and to a formal recommendation in November 2018 that Education improve its processes to monitor, assess and report on school board operating reserves. It is expected that the boards will honour their commitments to follow the reserve guidelines established by Education in response to the Auditor General recommendation and use the reserves to support programming.

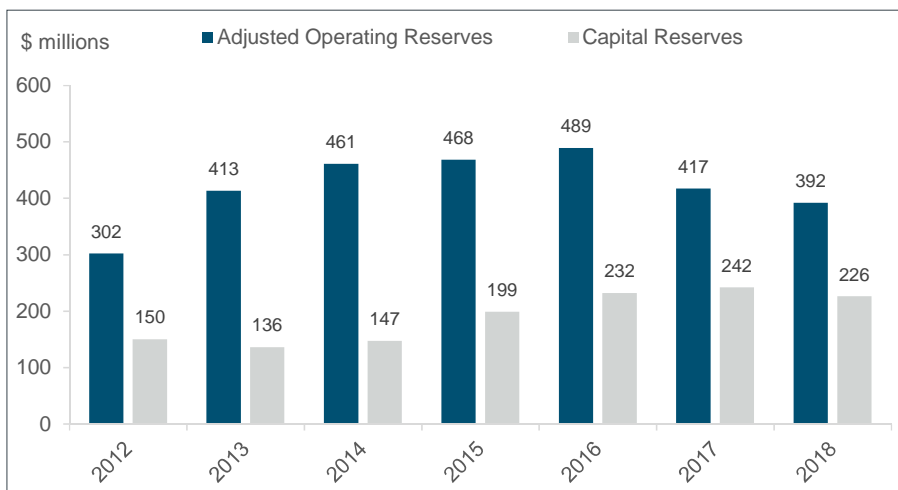
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A new K–12 Assurance and Funding Framework is being developed.

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Schools boards have reserves to support programming – \$392 million in operating and \$226 million in capital reserves.

## School Boards Accumulated Reserves



Source: Ministry of Education

## Ministry of Education – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	10	7	7	7	7
Instruction - Early Childhood Service to Grade 12	6,329	6,399	6,396	6,407	6,407
Operations and Maintenance	751	706	700	700	700
Student Transportation	375	362	362	362	362
Governance and System Administration	279	279	279	279	279
Program Support Services	192	180	190	190	190
Accredited Private Schools and Early Childhood Service Operators	286	291	290	278	278
<b>Total Operating Expense</b>	<b>8,223</b>	<b>8,223</b>	<b>8,223</b>	<b>8,223</b>	<b>8,223</b>

## Advanced Education

The Ministry of Advanced Education oversees Alberta's adult learning system that offers a broad spectrum of formal, non-formal and other learning across all regions of the province. The adult learning system is integral in helping build vibrant and inclusive communities while removing barriers, supporting greater equality and helping people reach their full potential. The adult learning system also enables innovation and helps address critical questions and challenges related to labour force demands and the need for a resilient and diversified economy.

By providing Albertans with a wide range of opportunities to advance their education, the adult learning system produces a highly skilled and productive workforce, empowers citizens to make meaningful contributions to their communities.

Alberta spends more on post-secondary education per student than most other provinces. If Alberta spent at the same rate per student as our neighbours in B.C., we would save over \$700 million per year.

Under the current model, institutional increases have been applied equally, regardless of whether or not institutions are achieving results. Alberta can no longer afford a funding model that does not reflect Alberta's economic realities or provide the results that Albertans deserve. For the first time in decades, Alberta will move away from increases based on historical funding and will start to fund based on outcomes and needs. For most of the past 15 years, funding increases have significantly outpaced population growth and inflation (see graph on page 90).

To respond to evolving system needs and to the MacKinnon Panel, the ministry will introduce a new funding model. Changes will take effect in 2020-21. This model will introduce performance based, at-risk funding that responds to system performance. The focus will be on accountability, student service delivery and job creation. It also will bring Alberta's post-secondary costs in line with other Canadian jurisdictions. Transition provisions will ensure institutions' viability. Ending the tuition freeze that was in place for the past five years will bring Alberta tuition levels for degree programs closer to those in other provinces.

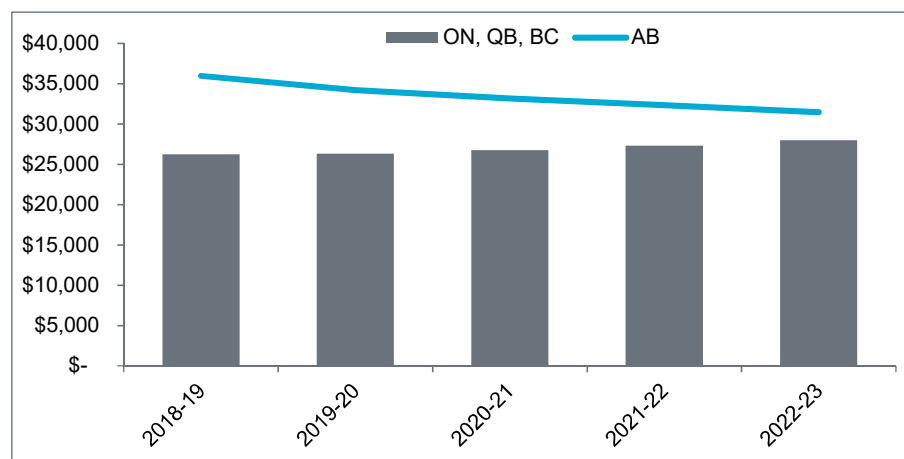
The new funding model will help institution boards, senior administrators and the broader campus community to proactively manage costs and demonstrate value for money. This model will drive institutional transformation through funding reductions and by rewarding institutions for finding efficiencies and increasing enrolment.

While Alberta is reducing its funding to post secondary institutions, our funding per student is still significantly higher than comparator provinces.

There are no reductions to student scholarships.

## Post-secondary Spending

(per capita)



**Sources:** Alberta Treasury Board and Finance, Report and Recommendations – Blue Ribbon Panel on Alberta's Finances (MacKinnon Panel report), Statistics Canada, and Budget 2019 documents for ON, QB and BC.

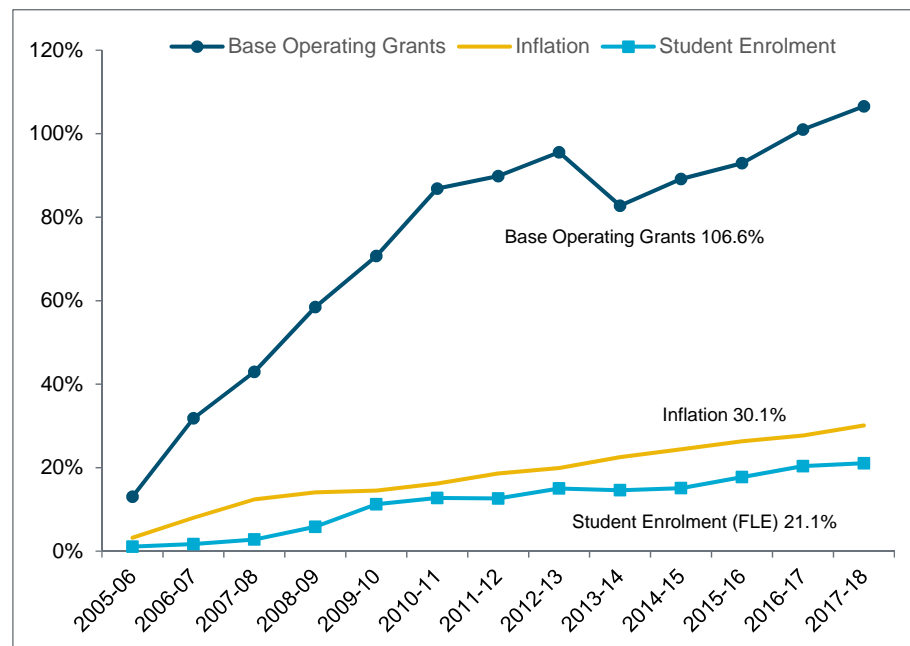
Government places tremendous value on advanced education and recognizes post-secondary students are the next generation of leaders. *Budget 2019* strives to create jobs by investing in a fiscally responsible way that increases accountability over performance. Government funding must deliver the best services and results for students and taxpayers.

Advanced Education's operating expense is budgeted at \$5.1 billion in 2019-20, down five per cent from last year. Operating expenses are reduced 12 per cent over four years to \$4.8 billion by 2022-23, saving \$1.9 billion. This is achieved largely through departmental efficiencies and by reducing Campus Alberta Grants to institutions.

*Budget 2019* provides additional funding to:

- Support apprentices, including women who wish to pursue the skilled trades, by expanding the Women Building Futures program (\$10 million over the next four years).
- Help young Albertans demonstrate their skills on the national and world stage and participate in the Skills Canada National Competition (\$2 million over four years for Skills Canada Alberta).
- Double the number of schools to 1,000 from 500 that work with CAREERS the Next Generation, and quadruple the number of students and full-time apprentices from 1,567 to 6,000 by 2023 (\$4.3 million annually by 2022-23).

### Funding to Post-Secondary Institutions – A Historical Perspective



Source: Advanced Education

New veterans' and trades scholarships will be introduced (\$1 million per year). A new Skills for Jobs Task Force, with funding of \$1 million, will report on how to reform education to expand vocational education and the skilled trades.

The MacKinnon Panel reported that Alberta universities and colleges depend far more on government grants and less on tuition as a share of revenue compared to British Columbia and Ontario. Government's ability to provide the additional funding to programs and services is limited. Encouraging institutions to expand revenues from non-government sources, combined with ending the tuition freeze in 2020-21, will rebalance institutional revenues. Untying the hands of the institutions will reduce their dependency on government funding and will mitigate the impacts of funding reductions.

### Ministry of Advanced Education – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	12	11	10	10	10
Support for Adult Learning	81	80	79	79	79
Apprenticeship Delivery	32	37	38	39	39
Student Aid	230	232	207	210	213
Foundational Learning Supports	97	97	96	96	96
Post-Secondary Operations	4,939	4,660	4,545	4,432	4,319
<b>Total Operating Expense</b>	<b>5,392</b>	<b>5,117</b>	<b>4,976</b>	<b>4,866</b>	<b>4,756</b>



## Social Services

### Children's Services

The Ministry of Children's Services focuses on prevention and early intervention, child development and delivering supports and services to vulnerable children, youth and families. It works to ensure that children in Alberta have the tools they need to thrive in healthy families and communities.

The ministry's operating budget is \$1.6 billion, an increase of \$94 million compared to 2018-19. The expenditure is expected to grow by 15 per cent by 2022-23, compared to 2018-19. This increase aligns with government's commitment to protect vulnerable Albertans while living within our means.

The ministry will review the *Child Care Licensing Act* over the next year to reduce red tape, support greater choice for parents and maintain focus on the safety of children.

Provincial child care spending will continue to centre on affordability, quality and accessibility in licensed and approved settings while transforming the system overall. A transformed child care system will mean families will be able to choose from a variety of options to meet their unique needs and that the lowest income families will be supported with subsidies that help ensure their children's access to quality programs.

Early Learning and Child Care Centres (ELCC centres) were developed to test the concept of universally accessible, affordable, quality child care in a publicly funded, publicly managed system. ELCC centres began as a pilot program and will continue to the end of the three-year term. This pilot will be evaluated through a rigorous review process.

Families will benefit from government spending in prevention and early intervention to support safety, well-being and resiliency for young Albertans. Government procurement of community resources will consider the needs of children, youth and families at risk. Delivery will be standardized and align with the province's well-being and resiliency model. The transformed model will focus on providing a broad range of services for families with children from birth to 18 years of age.

A new Alberta Child and Family Benefit is being introduced.

A new Alberta Child and Family Benefit will protect the most vulnerable by giving more to those with the lowest income. It will maintain incentives to enter the workforce as a portion of benefits are phased-in based on employment income. The new benefit will replace the Alberta Child Benefit and the Alberta Family Employment Tax Credit. Consolidation simplifies payments for families and lowers administrative costs. The benefit increases financial support to low income families and ensures Alberta has some of the most generous child benefits in the country (see the tax section on page 147 for more information).

## Ministry of Children's Services – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	7	7	7	7	7
Child Intervention	800	868	858	865	867
Child Care	402	419	409	425	442
Early Intervention Services for Children and Youth	104	104	91	91	91
Policy, Innovation and Indigenous Connections	11	9	9	9	9
Alberta Child Benefit	169	179	46	-	-
Alberta Child and Family Benefit	-	-	220	298	303
<b>Total Operating Expense</b>	<b>1,492</b>	<b>1,586</b>	<b>1,639</b>	<b>1,695</b>	<b>1,719</b>

## Community and Social Services

The Ministry of Community and Social Services supports families and communities, and helps Albertans access disability services, financial supports, services for the homeless and other social-based programs. The ministry's operating expense is budgeted at \$3.9 billion in 2019-20 and for the remainder of the *Budget 2019* fiscal plan, an increase of 7.6 per cent or \$276 million.

Spending in community and social services will protect Albertans in need, while the ministry will look to reduce administrative costs for the multitude of programs provided.

Income Support (IS) and Assured Income for the Severely Handicapped (AISH) benefits will be maintained. Under the previous government, benefits were adjusted annually using the Alberta Consumer Price Index (indexing). Indexing will be paused, reducing costs by \$10 million in 2019-20.

Alberta's benefit rates are much higher than other provinces on social services in several key areas, including AISH benefits. Reform in social services will ensure that vulnerable Albertans continue to receive the support they require.

Ongoing consultation and collaboration will help balance fiscal efficiency with care and service. Caseload growth is a key cost driver with caseloads growing by 17 per cent for AISH, 14 per cent for Persons with Developmental Disabilities (PDD), and 30 per cent for Family Support for Children with Disabilities (FSCD) over the past four years. A full program review will determine what activities provide value while clearing tasks that distract from client service.

The low income transit support pilot in Edmonton and Calgary is extended to support Albertans in need, at \$9.5 million per year.

Low income transit support is extended.

We pay so much more than other provinces in AISH benefits, it would take around 20 years of inflation for the next most generous province to reach Alberta benefit levels.

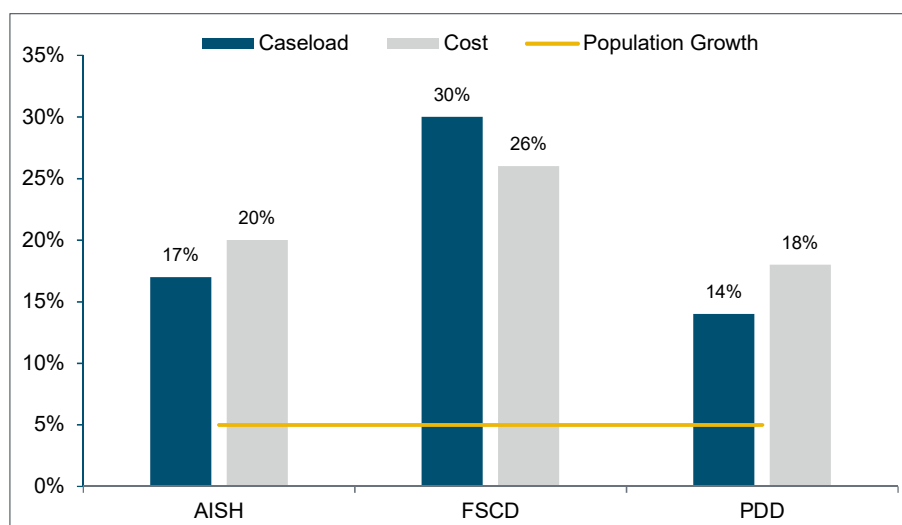
### Jurisdictional Scan of AISH Benefits

Rank	AISH Monthly Core Benefit	
	One Adult	
1	AB	\$1,685
2	SK	\$1,255
3	BC	\$1,183
4	ON	\$1,169
5	PE*	\$818
6	NB	\$763
7	NL*	\$754
8	NS	N/A
9	QC	N/A
10	MB	N/A

\* NL and PE information is from 2017

The population qualifying for AISH benefits (based on caseload growth) has grown by more than three times higher than the growth rate of Alberta's general population in the past four years (17 per cent compared to 5.4 per cent).

### Growth in Population, Caseload and Cost From 2015 - 2019



Sources: Ministry of Community and Social Services

### Ministry of Community and Social Services – Operating Expense

(millions of dollars)

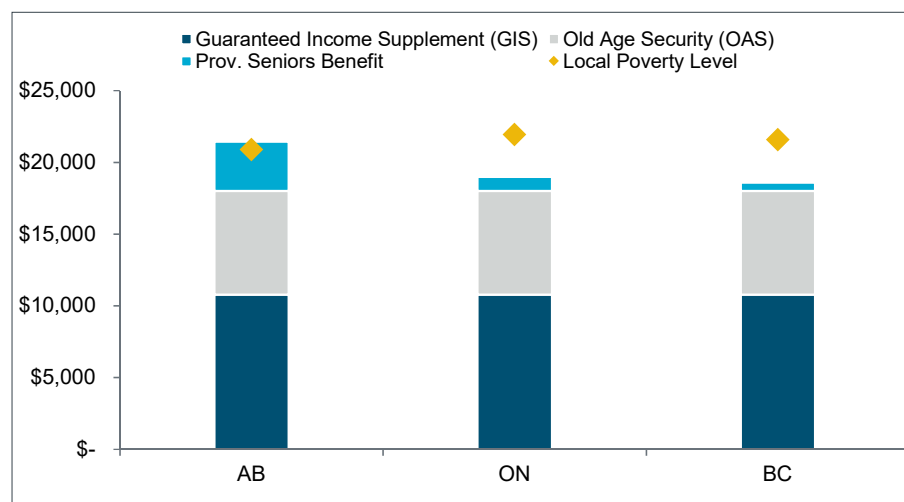
	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	13	12	12	12	12
Employment and Income Support	921	983	935	854	790
Assured Income for the Severely Handicapped	1,142	1,285	1,308	1,354	1,399
Disability Services	1,241	1,308	1,325	1,359	1,378
Homeless and Outreach Support Services	196	197	197	197	197
Community Supports and Family Safety	120	125	133	134	134
<b>Total Operating Expense</b>	<b>3,634</b>	<b>3,910</b>	<b>3,910</b>	<b>3,910</b>	<b>3,910</b>

## Seniors and Housing

The Ministry of Alberta Seniors and Housing provides programs and services to assist seniors and promote their safety and wellbeing. The ministry also supports the development of affordable housing and ensures Albertans in need have access to housing options.

The ministry's operating expense budget is \$638 million, rising slightly to \$639 million annually for 2020 to 2023. That's an increase of \$9 million or 1.4 per cent compared to 2018-19. This modest increase reflects government's commitment to living within our means while ensuring no spending reductions for seniors and keeping seniors above the poverty line.

### Seniors Payments and Poverty Line



**Note:** 2019 data. All figures assume no sources of private income. Data for Quebec was not available. (1) These are pre-index maximum rates.

**Sources:** Provincial Benefit payment rates from Alberta Seniors & Housing; GIS and OAS rates from the Government of Canada; Poverty lines from the Government of Canada, Canada's First Poverty Reduction Strategy.

There are no planned reductions in seniors benefits. Pausing indexation of the Alberta Seniors Benefit, Special Needs Assistance programs, Supplementary Accommodations Benefit, and the Seniors Lodge Assistance program is planned and will reduce costs by \$55 million over four years. Funding will accommodate caseload growth in these programs so all seniors that qualify continue to benefit. New program delivery mechanisms and savings in other areas are expected to accommodate growth in seniors programs.

Operating budgets for Housing Management Bodies (HMBs) will be reduced by an average of 3.5 per cent beginning January 1, 2020 for a total savings of \$17 million over four years. Government will honour existing rental assistance agreements. In addition, HMBs hold \$14 million in rental supplement advances. Operational efficiencies and transforming the housing system are also expected to create operational efficiencies of \$12-\$25 million over four years.

A 24 per cent reduction to the Rental Assistance program will save \$44 million over three years beginning in 2020-21. The department will rigorously pursue partnerships with the HMBs and private sector to reduce the public costs of affordable housing while effectively serving people in need.

## Ministry of Seniors and Housing – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Alberta Seniors Benefit	390	403	417	428	437
Alberta Social Housing Corporation	189	183	171	160	151
Housing	12	12	11	10	10
Ministry Support Services	5	5	5	5	5
Seniors Services	34	35	35	36	36
<b>Total Operating Expense</b>	<b>630</b>	<b>638</b>	<b>639</b>	<b>639</b>	<b>639</b>

## Other Ministries

### Agriculture and Forestry

The Ministry of Agriculture and Forestry is responsible for policies, legislation, regulations and services necessary for Alberta's agriculture, food and forest sectors to grow, prosper and diversify. The ministry also conducts wildfire and forest management, and supports food quality and safety.

The ministry will reduce expenses by 9.1 per cent this year, or \$88 million compared to 2018-19. Operating expenses are budgeted at \$879 million. Further reductions are planned until 2022-23, when expenses will be decreased 15 per cent from 2018-19. This reduction aligns with Alberta's commitment of ensuring expenditures keep pace with revenues.

Following a review of Agriculture Financial Services Corporation (AFSC) office network, corporate operations and service delivery model, AFSC expects to reduce expenses by \$5.3 million by 2020-21. Service delivery will be enhanced to include on-farm/site visits and improved online service delivery. This is in addition to their Client Service Center, real time chat line service and access to any branch in their network. A strategy has been developed to meet the evolving expectations of their clients. Additionally, through streamlined processes, automation, red tape reduction and elimination of unnecessary processes, AFSC expects to reduce discretionary administration expenses by a further \$1.6 million by fiscal 2020-21.

The ministry will also achieve savings of \$34.1 million over four years by transitioning to a framework of producer and industry-led research. The goal is to maintain research capacity in the most cost effective manner. Over the next several months, the department will work with farmers, producers and industry to determine their research priorities and build programs to support them. A review will be conducted to demonstrate how to focus research where needed at a lower cost.

Aligning Alberta's forestry operations with other provinces will save \$75.8 million over four years. A key increase is \$20 million over four years that supports mountain pine beetle mitigation. Alberta's forestry and agricultural exports were valued at \$15.8 billion in 2018, of which forestry exports were \$4.2 billion. Fighting the mountain pine beetle threat honours a platform commitment to protect jobs and industries relying on this strategic resource.

Eliminating the former Alberta Small Brewers Development program and the Liquor Manufacturers' Program will save \$123 million over four years. The introduction of the reduced markup through Alberta Gaming, Liquor and Cannabis (AGLC) creates predictability for small business owners and contributes to economic diversification by supporting Alberta's small liquor manufacturing sector.

Government is a champion of Alberta's agriculture and forestry industries and stands with them to ensure their continued success and future growth. The 'Fighting for Agriculture and Forestry' Strategy is designed to strengthen consumer confidence and promote agriculture and forestry. *Budget 2019* allocates \$2 million to support this important initiative in 2019-20.

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The commitment to fight mountain pine beetle with \$20 million is honoured.

## Ministry of Agriculture and Forestry – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	18	17	16	16	15
Rural Programming and Agricultural Societies	16	16	15	15	15
Processing, Trade and Intergovernmental Relations	64	34	30	28	27
Primary Agriculture	77	70	57	52	51
Lending	26	31	29	30	30
Insurance	433	404	401	401	401
Agriculture Income Support	89	89	89	89	89
Forests	171	172	154	152	151
Climate Change Initiatives	36	3	-	-	-
Canadian Agricultural Partnership	37	42	42	42	42
<b>Total Operating Expense</b>	<b>967</b>	<b>879</b>	<b>834</b>	<b>824</b>	<b>822</b>

## Culture, Multiculturalism and Status of Women

The Ministry of Culture, Multiculturalism and Status of Women supports Alberta's creative and cultural industries, artists and arts community, recreation and sport, and the non-profit and voluntary sectors. The ministry's operating expense budget starts with \$218 million, reducing to \$158 million by 2022-23. This includes the gradual conclusion of the screen-based production grants, which will be transformed to a film tax credit administered by Economic Development, Trade and Tourism.

The ministry will reduce contributions to the Community Initiatives Program and Other Initiatives Program, by \$56.8 million over four years. Reductions in support for major fairs in Edmonton and Calgary will save \$23 million over four years. Responsibility for all of the Alberta Sport Connection programs will be transferred to the department, saving \$2.7 million over four years. Responsibility for all of the Alberta Historical Resources Foundation and Historic Resources Fund programs will also be transferred to the department, saving \$800,000 over four years.

## Ministry of Culture, Multiculturalism and Status of Women – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	8	8	8	8	8
Community and Voluntary Support Services	60	45	39	40	39
Arts and Creative Industries	83	84	73	55	39
Francophone Secretariat	1	1	1	1	1
Heritage	54	52	46	46	46
Recreation and Physical Activity	26	23	20	20	20
Status of Women and Multiculturalism	4	5	5	5	5
<b>Total Operating Expense</b>	<b>236</b>	<b>218</b>	<b>192</b>	<b>175</b>	<b>158</b>

## Economic Development, Trade and Tourism

The Ministry of Economic Development, Trade and Tourism leads economic development efforts, supports businesses and investors, and promotes Alberta's tourism industry. The ministry provides targeted support and enhanced access to capital for small and medium-sized businesses. The ministry also represents Alberta internationally by attracting investment and leading negotiation on trade agreements. The operating expense budget is \$286 million, compared to \$349 million in 2018-19. Through renewed and refocused investment, the ministry's operating budget will grow to \$300 million in 2022-23.

Investment strategies will:

- Attract large corporate investments that bring economic growth, prosperity and jobs. We will give investors confidence and make it clear that Alberta is the best place in the world to do business. We will focus on real opportunities, targeting the biggest and brightest to invest and grow here in Alberta.
- Work with the innovation and venture capital community to expand Alberta's technology sector.
- Use technology-based solutions to identify companies that are looking to expand and grow their business around the globe.
  - Government will support and accelerate research, innovation and entrepreneurship through post-secondary institutions, Alberta Innovates, Alberta Enterprise Corporation and Economic Development, Trade and Tourism. This will grow globally-competitive enterprises here in Alberta.
  - More than \$200 million will be spent for research, innovation and commercialization to develop talent, grow sectors, leverage funding from partners and private sector and help drive global investment.

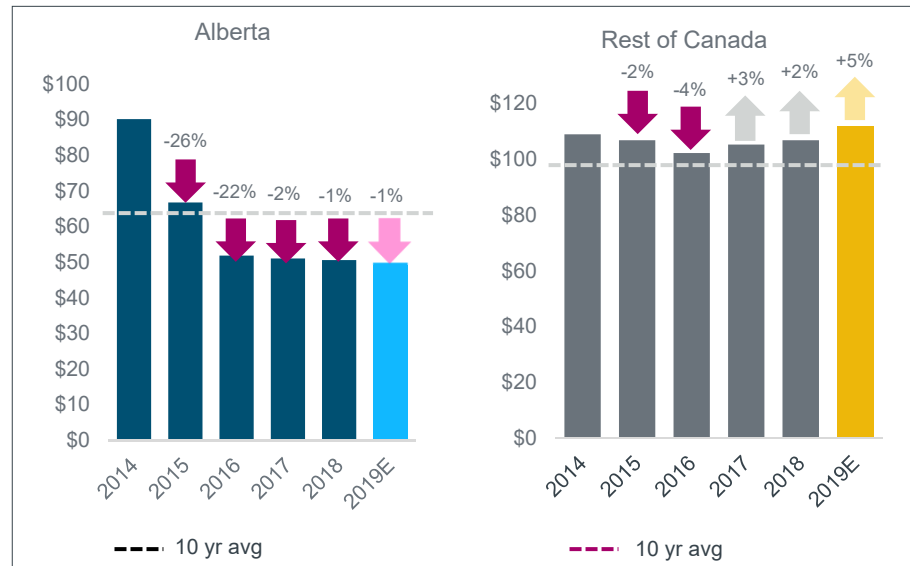
Alberta boasts a world-renowned resource base, a stable, business-friendly environment, highly competitive tax structure, a young and highly educated workforce, and some of the strongest economic fundamentals in the country. We are committed to expanding and growing these strengths. The investment attraction strategy also reflects a MacKinnon Panel recommendation to make competitiveness, investment and attraction a top priority and to reverse the trend of reduced private investment.

The Alberta economy has experienced a decline in private investment since 2014. Government is focused on driving investment back into our province.



## Private Investment

(\$ billions)



Source: MacKinnon Panel's Report on Alberta's Finances

\$75 million is planned for investment attraction and outreach.

We are redirecting \$25 million a year, starting in 2020, to support responsible, dedicated investment attraction. More detail will be presented in Budget 2020.

Alberta is taking a deliberate approach to building technology, data and telecommunication strength, including leadership in artificial intelligence. Over the next 4 years, we will spend over \$34 million on initiatives related to artificial intelligence in groups like the Alberta Machine Intelligence Institute (Amii), autonomous systems and cyberinfrastructure supports. In addition to this, Alberta Innovates is committed to advancing data enabled innovation and digital technology for business with \$6.5 million in programing and supports to accelerate investments in emerging technology.

## Ministry of Economic Development, Trade and Tourism – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	12	10	10	10	10
Economic Development	22	19	14	14	14
Trade and Investment Attraction	26	22	45	45	45
Science and Innovation	25	12	11	11	11
Jobs, Investment and Diversification	25	26	17	32	46
Tourism	56	52	48	47	47
Alberta Enterprise Corporation	2	2	2	2	2
Climate Change	1	-	-	-	-
Alberta Innovates Corporation	181	142	131	131	126
<b>Total Operating Expense</b>	<b>349</b>	<b>286</b>	<b>277</b>	<b>291</b>	<b>300</b>

## Energy

The Ministry of Energy sustains the interests of Albertans through the stewardship and responsible development of energy and mineral resource systems.

Energy's operating expense budget is \$601 million, excluding crude-by-rail, which is budgeted for \$1.5 billion. This is an increase of \$49 million or nine per cent from 2018-19. Starting in 2020-21, the ministry will realize savings of \$51 million or decrease nine per cent compared to 2018-19. By 2022-23, total cumulative savings will be \$58 million compared to 2018-19.

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Government has incurred significant liabilities as a result of previous government energy policies such as coal phase phase-out (\$1.1 billion) and the Balancing Pool (\$2 billion).

### *Natural Gas*

*Budget 2019* increases our focus on natural gas and pipelines. Natural gas is key to Alberta's economy and future prosperity. This energy sector is responsible for thousands of jobs and could generate billions of dollars in revenues. However, we are being forced to sell our natural gas at a massive discount, because we simply cannot get our resources to market.

In an effort to recognize this untapped potential in our province – and our country – the Government of Alberta appointed an Associate Minister and Associate Deputy Minister of Natural Gas. With a budget of \$1.1 million, the ministry will oversee a strategic plan to help reinvigorate this critical industry and stand up for Alberta's economic interests. Government is working side-by-side with industry to efficiently streamline project approvals, improve pipeline access and facilitate the construction of infrastructure that helps our natural gas reach international markets. In doing so, we are restoring confidence in our natural gas sector, attracting investment back to the province and creating good energy jobs for Albertans.

### *Review and Reduction of Alberta Energy Regulator (AER) Costs*

Alberta's energy sector is an economic driver: attracting billions of dollars in private investment, providing government with royalties and other revenues, and creating jobs in the province and across the country. The Alberta Energy Regulator (AER) oversees the responsible development of Alberta's oil, oil sands, natural gas and coal resources to get full value for our resources while protecting the environment.

The AER was created six years ago. That time was marked by significant shifts in the economic, environmental and social landscape, including increased competition to attract global investment and reach export markets. Recent reports have highlighted significant governance and management shortcomings at the AER. A \$500,000 review of the AER will identify changes and enhancements to its mandate, governance and operations so Alberta remains a predictable place to invest and a world leader in responsible resource development.

We expect to achieve a leaner regulator that more efficiently manages industry investments. Total cumulative savings are expected to be \$147 million over four years compared to 2018-19.

### *Adding Value to Alberta's Oil and Gas Resources*

The government welcomes private sector, market-driven investments in technologies that add value to the province's oil and gas resources. So, we are respecting agreements made under the Petrochemicals Diversification Program and are extending the royalty credit model to incent future projects.

On the other hand, to reduce the financial risk to Alberta taxpayers, the government has discontinued the Petrochemicals Feedstock Program and the Partial Upgrading Program. The previous government announced \$2 billion in grants and loan guarantees for these programs, meaning government contributions would be provided up front, prior to confirming a project's completion and financial viability. Given Alberta's fiscal climate, it is not prudent for Alberta taxpayers to bear the financial risks of such projects.

### *Regulated Rate Option*

The Regulated Rate Option program would have cost taxpayers \$388 million.

In 2016, the previous government announced its intention to transition Alberta from an energy-only market to a capacity market for electricity. The transition carried a higher risk of volatile electricity prices, so the previous government implemented an electricity price rate cap program, which capped electricity rates for consumers on the Regulated Rate Option at 6.8 cents per kilowatt hour.

In July 2019, as a result of overwhelming industry support, government decided to cancel the transition to a capacity market. This means the rate cap program is no longer required. *Budget 2019* includes funding for rate cap payments until the program ends this fall.

The program has cost taxpayers more than \$90 million. If continued to its legislated completion date of May 31, 2021, the total cost of the program was estimated at \$388 million. By ending the regulated electricity price cap, we are saving taxpayers millions while maintaining consumer choice.

### *Crude-by-Rail*

The true financial risks of crude-by-rail were never fully revealed by the previous government. By ending this program, we will save taxpayers at least \$300 million.

Government is committed to enhancing Alberta's market access to ensure fair value for our energy resources. We will follow through on this commitment by advocating for pipelines—not by spending billions of taxpayers' dollars on additional crude-by-rail capacity. Government should not be in the business of transporting Alberta's oil. These actions should be taken by the private sector. However, we must take a predictable path out of the current rail contracts to help create greater investor confidence in Alberta's oil and gas sector.

*Budget 2019* includes funding for the previous government's crude-by-rail program in 2019-20. The current government contracted an investment bank to help divest the program. The estimated cost of divestment, including prepaid expenses, could be as high as \$1.5 billion. We continue to explore all legal and legislative options to minimize cost to taxpayers.

### *Fight Back Strategy and Canadian Energy Centre Corporation*

Alberta's energy sector is a global leader in environmental standards, labour standards and technological innovation, but the energy industry – and provincial revenues – have been compromised by the actions of groups spreading lies and disinformation about Alberta's energy sector. Government is proudly standing up for 533,000 Canadian jobs supported by the energy sector, and demands a new deal – a fair deal – for Alberta and Canada.

*Budget 2019* includes \$30 million a year to establish the Canadian Energy Centre corporation to move Alberta from a reactive, defensive approach, to a proactive and assertive strategy in defending our critical energy industry. Success will bolster the energy sector, get Albertans back to work and increase province revenues. \$10 million of this funding is being reprofiled from the current government advertising budget; and \$20 million will be supported by TIER revenues. In addition, \$2.5 million is budgeted for the public inquiry into foreign funding of anti-energy campaigns, which was announced in July 2019.

### **Ministry of Energy – Operating Expense**

(millions of dollars)

	<b>2018-19 Actual</b>	<b>2019-20 Estimate</b>	<b>2020-21 Target</b>	<b>2021-22 Target</b>	<b>2022-23 Target</b>
<b>Operating Expense</b>					
Ministry Support Services	5	7	7	7	7
Resource Development and Management	62	95	90	90	90
Cost of Selling Oil	80	83	84	96	96
Climate Change	85	103	29	33	27
Carbon Capture and Storage	1	1	1	1	1
Energy Regulation	243	225	202	201	197
Orphan Well Abandonment	46	56	57	71	71
Utilities Regulation	30	31	31	31	31
<b>Total Operating Expense</b>	<b>552</b>	<b>601</b>	<b>501</b>	<b>529</b>	<b>519</b>

## Environment and Parks

The Ministry of Environment and Parks works with Albertans, including Indigenous communities and stakeholders, to manage the province's environment and natural resources to achieve Alberta's long-term economic, environmental and social goals.

Environment and Parks' operating expense is budgeted at \$610 million for 2019-20. This is an increase of \$36 million, or six per cent from 2018-19. Operating expense will then decline each of the following three years to \$550 million in 2022-23. This is a decrease of \$24 million, or four per cent from 2018-19.

### *Technology Innovation and Emissions Reduction (TIER)*

The Government of Alberta is committed to reducing emissions through the TIER system. This realistic plan will not overregulate or slow our economy, and keeps the focus on large industrial emitters while covering over 48 per cent of emissions from the Alberta economy. Regulated facilities will have options, including reducing their emissions, submitting emission offsets or emission reductions credits, or paying directly into the TIER fund.

The dedicated TIER fund will be used to develop and implement technologies that further reduce greenhouse gas emissions over time. The first \$100 million in annual revenue – and 50 per cent of the remaining revenue paid into the fund – will be used for emission reduction projects. These include new and improved technologies for oil sands extraction, research and investment in carbon capture, utilization and storage, and other areas. The TIER system will help energy-intensive facilities innovate and stay competitive by investing in clean technology.

Environment and Parks will work with Albertans to create a climate strategy that doesn't place an unnecessary economic burden on families. Alberta needs a climate strategy that strikes the right balance between environmental protection and economic growth, and that recognizes Alberta as an ethical and reliable source of energy.

## Technology Innovation and Emissions Reduction

(millions of dollars)

	2019-20	2020-21	2021-22	2022-23	4-Year Total
<b>Revenue</b>					
Climate Change and Emissions Management Fund	556	478	454	415	1,903
<b>Allocations (including operating and capital)</b>					
Innovation and Technology	228	200	197	181	806
Deficit Reduction and Canadian Energy Centre	228	189	177	157	752
Carbon Capture and Storage Capital Projects	136	71	58	58	324
Regulatory and Operations	11	11	11	11	43
Coal Workforce Transition	5	7	11	8	31
<b>Total Allocations</b>	<b>608</b>	<b>478</b>	<b>454</b>	<b>415</b>	<b>1,955</b>

TIER significantly reduces overall compliance costs across regulated facilities, relative to the Carbon Competitiveness Incentive Regulation, while still achieving comparable Greenhouse gas reductions. Over the next four years, revenue from the TIER system is estimated to be \$1.9 billion. Of this, \$672 million will be allocated to deficit reduction and \$80 million supporting the Canadian Energy Centre to respond in real-time to misinformation about Alberta's energy industry. \$1.2 billion will fund emissions reduction and innovation, including \$324 million for Carbon Capture and Storage projects and \$116 million for the Oil Sands Innovation Fund to continue investment in high emitting in situ facilities to reduce emissions intensity, resulting in improvements to industry competitiveness and increased operational efficiency.

TIER reduces overall compliance costs while achieving greenhouse gas reductions.

### Stewardship of Resources

The Government of Alberta is committed to improving flood resilience in communities across Alberta. Our strategy includes continued investment in community-level projects, upstream storage, healthy watersheds, flood mapping, river forecasting, and emergency response and preparedness. We will continue to work directly with municipalities and First Nations to protect communities.

As proud stewards of Alberta's natural resources, Environment and Parks is committed to accurate and scientifically sound environmental monitoring. The ministry is increasing delivery effectiveness of scientific activities around oil sands monitoring by consolidating capacity, as well as allowing government to invest efficiently in environmental monitoring and science programs dedicated to air, land, water and biodiversity.

To recognize current fiscal constraint, there will be reductions in Environment and Parks related to contract activities and grants. These and staff attrition are expect to save \$27 million by 2022-23.

### Ministry of Environment and Parks – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	24	20	20	20	20
Air	22	20	19	19	19
Land	43	42	41	41	42
Water	70	66	63	62	64
Fish and Wildlife	41	36	36	36	38
Integrated Planning	51	31	31	31	31
Parks	87	81	76	64	64
Land Use Secretariat	6	5	5	5	5
Science and Monitoring	69	70	70	70	70
Emissions Management	147	231	206	202	189
Quasi-Judicial Bodies	14	7	7	7	7
<b>Total Operating Expense</b>	<b>574</b>	<b>610</b>	<b>575</b>	<b>559</b>	<b>550</b>

## Indigenous Relations

The Ministry of Indigenous Relations leads the development of government-wide policies by partnering with Indigenous communities in our “Stand Up for Alberta” strategy to help energy projects and Indigenous people succeed and prosper. Indigenous communities in Alberta want to be partners in the prosperity flowing from the responsible development of Alberta’s shared natural resources.

Indigenous Relations’ operating expense is budgeted at \$190 million for 2019-20, \$188 million in 2020-21, and \$176 million for 2021-22 and 2022-23. Despite the reduction, government is investing in Indigenous communities in meaningful ways through the upcoming years. Specifically, government further partners with Indigenous communities in defense of our shared economic interest:

- The Alberta Indigenous Opportunities Corporation (AIOC) is being created to support partnering in resource projects. The new AIOC will be the first of its kind. It is a creative solution to the challenges many Indigenous communities have to own, or co-own, major oil and gas projects.
  - It allows Indigenous communities access to capital, so they can participate in major resource projects and enjoy the benefits of Alberta’s resource economy.
  - *Budget 2019* facilitates and backstops up to \$1 billion in Indigenous investment in natural resource projects and infrastructure, including pipelines. It also keeps our commitment by providing \$24 million over four years to support AIOC and help it serve Indigenous stakeholders.
- The Indigenous Litigation Fund is created to support Indigenous voices in legal actions that affect responsible resource development in Alberta.
  - It helps Indigenous communities defend their own economic development rights when they are threatened.
  - *Budget 2019* keeps our commitment to stand together with Indigenous communities by providing \$5 million annually in each of 2019-20 and 2020-21 for a total \$10 million contribution.

### Ministry of Indigenous Relations – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	5	4	5	5	4
First Nations and Métis Relations	28	19	15	15	15
Indigenous Women’s Initiatives	1	1	1	1	1
First Nations Development Fund	117	123	130	130	131
Metis Settlements Appeal Tribunal	1	1	1	1	1
Consultation and Land Claims	26	28	19	17	17
Land and Legal Settlement	18	2	6	1	-
Indigenous Litigation Fund	-	5	5	-	-
Climate Change Initiatives	17	-	-	-	-
Alberta Indigenous Opportunities Corporation	-	6	6	6	6
<b>Total Operating Expense</b>	<b>213</b>	<b>190</b>	<b>188</b>	<b>176</b>	<b>176</b>

## Infrastructure

The Ministry of Infrastructure is responsible for planning, building and managing government-owned infrastructure.

The ministry's operating expense budget is \$460 million, a decrease of \$28 million or 5.7 per cent from 2018-19. Continued savings initiatives reduce operating expense by \$60 million by 2022-23 or 12.3 per cent from 2018-19.

Infrastructure is working to use its facilities more effectively by increasing densities in government-owned and leased space that reduce government's footprint and its reliance on expensive leased space. Infrastructure also has a defined process for identifying and declaring properties surplus and disposing of them to minimize costs.

The amount of space government uses is one of the most significant cost drivers facing the ministry. Some government buildings and facilities are underused. Consolidating some users into a single building, and closing underused buildings, will save taxpayers about \$25 million over four years.

The ministry will also reduce costs in other areas for additional savings over the next four years.

### Ministry of Infrastructure – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	11	12	11	11	11
Capital Construction	15	16	27	13	13
Property Management	265	249	240	231	212
Asset Management	6	6	6	6	6
Realty Services	191	177	189	191	186
<b>Total Operating Expense</b>	<b>488</b>	<b>460</b>	<b>473</b>	<b>452</b>	<b>428</b>

## Justice and Solicitor General

The Ministry of Justice and Solicitor General leads a fair and innovative justice system, ensures effective policing and supports victims of crime.

The ministry's operating expense budget is \$1.45 billion for 2019-20, a decrease of \$3 million or 0.2 per cent from 2018-19. Operating expenses decrease steadily to \$1.36 billion in 2022-23. That's down \$96 million or 6.6 per cent from 2018-19. The department will effect change and save through operational efficiencies and automation of manual processes.

Alberta's justice system is based primarily on paper records and decades-old processes. The Alberta government is modernizing its justice system through digitization. Over several years, electronic court records will become the official record, more traffic tickets will be payable online, and courtroom operations will be modernized. Innovative ways to address citizen's legal disputes will also be considered, in line with the possibilities that come with digitizing court processes.



As part of informing and implementing the rural crime strategy, the Minister of Justice and Solicitor General met with people across the province to hear firsthand the concerns and ideas to stop rural crime. Actions to address the serious rural crime issue include: increasing funding for drug treatment courts, reviewing victims of crime programs, and increasing funding by up to \$50 million over four years for the Alberta Law Enforcement Response Teams (ALERT). In keeping with our commitment to Albertans, *Budget 2019* provides funding for 50 new Crown prosecutors.

## Ministry of Justice and Solicitor General – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	25	24	24	24	24
Resolution and Court Administration Services	200	195	184	163	157
Legal Services	56	54	49	41	38
Alberta Crown Prosecution Service	103	105	109	114	117
Justice Services	176	169	165	160	160
Public Security	522	531	520	518	527
Correctional Services	289	289	270	268	268
Alberta Human Rights	8	7	7	7	7
Motor Vehicle Accident Claims	31	31	31	31	31
Victims of Crime Fund	43	43	33	28	28
<b>Total Operating Expense</b>	<b>1,452</b>	<b>1,449</b>	<b>1,391</b>	<b>1,353</b>	<b>1,356</b>

## Labour and Immigration

The Ministry of Labour and Immigration focuses on supporting job creators, building and developing a strong and diverse workforce, promoting safe, fair and healthy workplaces, and attracting skilled workers and entrepreneurs from across Canada and the world to Alberta to support economic growth and diversification.

The ministry's operating budget is \$219 million. While the budget is decreasing to \$206 million by 2022-23, this is only a decrease of one per cent from 2018-19 actual operating spending. The budget supports the following initiatives:

- \$9 million over three years beginning in 2020-21 to implement the First Responders and Heroes Fund platform commitments.
- \$2.5 million to support the foreign qualification recognition activities of the Alberta Advantage Immigration Strategy in 2019-20, including establishing the Fairness for Newcomers Office.

Eliminating the Summer Temporary Employment Program (STEP) after the 2019 program year saves about \$32 million over four years. Employers and youth will continue to be supported by existing programs and services. Reductions to various grant programs will save \$45 million over four years. Administrative savings, including eliminating vacant positions will save a further \$9 million over four years.

In accordance with the legislation, a review of the *Workers' Compensation Act* will be completed. The review is expected to include all Workers' Compensation Board related entities, such as the Workers' Compensation Board, the Fair Practices Office, the Medical Panels Office and the Appeals Commission for Alberta Workers' Compensation.

## Ministry of Labour and Immigration – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	5	6	6	6	6
Workforce Strategies	116	113	102	106	102
Safe, Fair and Healthy Workplaces	67	73	76	74	74
Labour Relations Board	4	4	4	4	4
Appeals Commission for Alberta Workers' Compensation	13	13	13	13	13
Medical Panels Office for Alberta Workers' Compensation	1	1	1	1	1
Fair Practices Office	3	10	7	7	7
<b>Total Operating Expense</b>	<b>208</b>	<b>219</b>	<b>208</b>	<b>211</b>	<b>206</b>

## Municipal Affairs

The Ministry of Municipal Affairs helps municipalities provide well-managed, collaborative and accountable local government. The ministry also provides funding, establishes construction and maintenance standards, and manages public lands. The ministry's operating expense budget is \$240 million, a 9 per cent reduction from \$263 million in 2018-19. Operating expenses are expected to decrease to \$222 million, or by 15.5 per cent, in 2022-23 compared to 2018-19.

The majority of ministry savings come from a 25 per cent reduction in the Grants in Place of Taxes (GIPOT) program in 2019-20 and a further 25 per cent reduction in 2020-21. Total savings are \$81 million over four years. Funding will be reduced for the Alberta Community Partnership, saving \$1.5 million a year for four years.

As identified by the MacKinnon Panel, Alberta provides significantly more grant support to municipalities when compared with other provinces. Capital grants to municipalities consist of a quarter of all provincial capital spending, approximately 20 per cent higher than the national average. *Budget 2019* addresses this spending, and as recommended by the MacKinnon Panel, we are ensuring the funds provided to municipalities are used in a way that aligns with provincial priorities.

Alberta is the only province that accepts population numbers from a municipal census to allocate municipal grants. Given that only a handful of municipalities conduct a census every year, shifting to population estimates will result in more consistent and timely information about Alberta's population and a fairer allocation of grants.

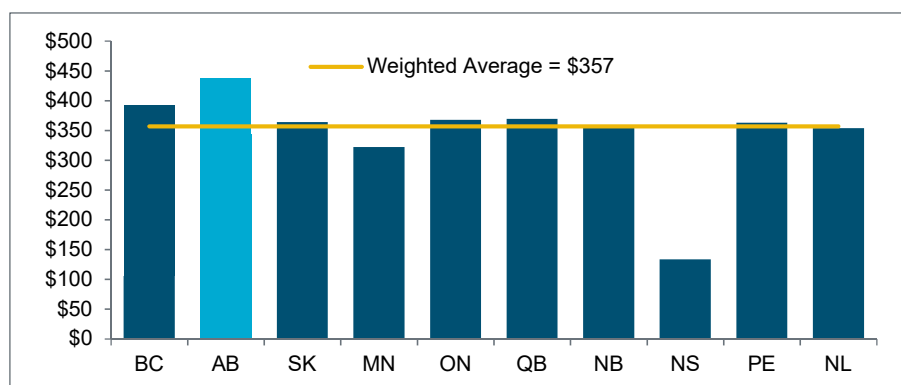
Municipalities had \$17 billion in reserves as of December 31, 2018.

Municipal operating funding is provided by various ministries and includes:

- Family and Community Support Services grants are being maintained.
- Policing grants are maintained and will be informed by the Justice and Solicitor General review.
- Grants in Place of Taxes are declining by 25 per cent (or \$24 million by 2020-21).
- Library Service grants are maintained at current levels.
- Alberta 911 and Alberta Community Partnership programs are maintained at current levels.
- The Municipal Sustainability Initiative (operating grants) is maintained.
- The low income transit support pilot is prolonged to support vulnerable Albertans (\$9.5 million per year).
- *Total operating funding to municipalities is reducing by six per cent over four years.*

## Grants to Municipalities – Jurisdictional Comparison

Per Capita (person)



**Source:** Provincial Territorial (Municipal) Officials Committee, Alberta Treasury Board and Finance and Alberta Municipal Affairs Calculations.

*Budget 2019* proposes that the use of population estimates will begin in 2021. Annual estimates will be based on a methodology used in other jurisdictions, and will be produced by the Government of Alberta in collaboration with Statistics Canada.

Changes to municipal funding in *Budget 2019* maintain Alberta's strong support for Alberta municipalities while moving closer to a level of per capita (capital and operating) support that is more in line with other provinces. More information is provided in the Capital Plan.

## Ministry of Municipal Affairs – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	8	8	8	8	8
Municipal Services and Legislation	9	10	10	10	10
Municipal Assessments and Grant Administration	26	24	25	23	22
Municipal Sustainability Initiative	29	30	30	30	-
Local Government Fiscal Framework	-	-	-	-	30
Grants in Place of Taxes	54	45	30	30	30
Alberta Community Partnership	18	17	17	17	17
Public Safety	14	15	14	15	15
Alberta Emergency Management Agency	35	33	33	33	33
Quasi-Judicial Boards	7	6	6	6	6
Library Services	37	37	37	37	37
Municipal Cannabis Transition Program	11	-	-	-	-
Safety Codes Council	14	15	15	15	15
<b>Total Operating Expense</b>	<b>263</b>	<b>240</b>	<b>225</b>	<b>223</b>	<b>222</b>

## Service Alberta

Service Alberta is the ministry responsible for such services as registries, land titles, consumer protection and the Alberta Queen's Printer. The ministry works to modernize program and service delivery to meet emerging needs, and it administers government's Information Technology infrastructure.

*Budget 2019* provides Service Alberta with \$538 million in operating expense that will decrease to \$469 million by 2022-23, a 15 per cent reduction compared to 2018-19.

The majority of ministry savings come from implementing the new Enterprise Resource Planning (ERP) system and from transformational activities and operational efficiencies. In contrast to good project management, the previous government did not build in any contingency amount should the large project not meet timelines.

Government will ensure its commitments to Albertans are kept by expanding online services. This includes introducing self-serve options that will automate procedures and reduce the need for staff.

Some changes will result in easier interactions with the government, such as corporate registry online user management. Operational efficiencies are expected to save approximately \$46 million by 2022-23, and transformational activities will generate another \$55 million by 2022-23. Government priorities partially offset these savings.

### Ministry of Service Alberta – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	9	9	9	9	9
Land Titles	18	11	11	11	11
Motor Vehicles	12	13	13	13	13
Other Registry Services	10	10	10	10	10
Freedom of Information and Protection of Privacy	12	12	12	12	12
Consumer Awareness and Advocacy	22	20	20	20	20
Utilities Consumer Advocate	6	8	7	7	7
Enterprise and Shared Services	444	437	385	379	369
Alberta First Responders Radio Communications System	21	17	17	17	17
<b>Total Operating Expense</b>	<b>554</b>	<b>538</b>	<b>485</b>	<b>478</b>	<b>469</b>

## Transportation

The Ministry of Transportation promotes a vital and diverse economy by managing transportation safely, supporting municipalities with public transportation and water/wastewater facilities, enabling market access through effective transportation systems, and preserving and developing the provincial highway network and water management infrastructure.

*Budget 2019* provides \$411 million in operating expense, declining steadily to \$372 million by 2022-23. This is a 16 per cent reduction compared to 2018-19. Savings of \$137 million will come from reducing road maintenance services, which will be monitored to ensure safety is not affected. Reducing roadway preservation activities over four years will save a further \$63 million. Spending to maintain park roads and water management structures will be reduced, realizing \$18 million in savings over four years.

To live within our means, Transportation will explore no-cost social media advertising options for traffic safety, and identify administrative efficiencies.

Administrative efficiencies will be achieved by consolidating and reducing operations in Traffic Safety Services, and limiting Transportation Safety Board discretionary spending. The ministry is also reviewing the driver examiner program that moved to an in-house, government-controlled model from the private sector in late 2018-19.

Transportation will continue with the Mandatory Entry Level Commercial Training (MELT) and Pre-Entry Program for New National Safety Code Carriers, along with the Driver Examiner program until the results of the review are known. This will cost \$19 million in 2019-20. Safety is a priority, so Alberta's transportation corridor will be maintained.

### Ministry of Transportation – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	12	11	10	10	10
Program Services and Support	26	25	23	22	22
Traffic Safety Services	36	46	32	25	25
Alberta Transportation Safety Board	2	2	2	2	2
Provincial Highway Maintenance and Preservation	367	327	310	315	313
<b>Total Operating Expense</b>	<b>443</b>	<b>411</b>	<b>376</b>	<b>374</b>	<b>372</b>

## Treasury Board and Finance

The Ministry of Treasury Board and Finance consists of the Department of Treasury Board and Finance, together with Communications and Public Engagement, the Public Service Commission and nine provincial agencies.

In *Budget 2019*, the ministry's operating budget is \$1.8 billion, a 17 per cent reduction from 2018-19. This will be reduced 36 per cent in 2022-23 to \$1.4 billion compared to 2018-19.

Savings will be realized with some reorganization and efficiencies:

- Savings are expected from government financial agencies, including the Alberta Risk Management Fund and Alberta Investment Management Corporation (AIMCo).
- Changes by the previous government will be reversed to control administrative costs and enhance governance provisions for public sector pension plans. Plans will continue to be administered by the Alberta Pensions Services Corporation, and invested by AIMCo.
- Alberta Capital Finance Authority responsibilities will move to the department to realize operational efficiencies while retaining the policies to make low cost loans to local authorities.
- Strategic direction to ATB Financial will be strengthened so Albertans receive more value from this financial institution. This includes clarifying the organization's mandate to manage its business in a commercial and cost effective manner and avoid undue risk of loss while earning risk adjusted rates of return similar to, or better than, comparable financial institutions.
- Process improvements and new service delivery models are being implemented to generate significant savings in Communications and Public Engagement (CPE) and the Public Service Commission (PSC), \$14 million over three years and \$18 million over four years, respectively.

Eliminating the carbon tax consumer rebates will reduce expenses by \$1.9 billion over four years. Following the principle of shifting back to a low-rate, broad-based tax system, the Scientific Research and Experimental Development Tax Credit will be eliminated, saving \$214 million over four years. (See the Tax Section on pages 144-145 for more information).

Key cost drivers include increases to legal and statutory requirements, including requirements for the Corporate Income Tax Provision for Doubtful Accounts, Interest Payments on Corporate Tax Refunds, and Teachers' Pre-1992 Pension Payments resulting in a \$286 million expenditure increase over four years.

## Ministry of Treasury Board and Finance – Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Operating Expense</b>					
Ministry Support Services	8	14	11	11	11
Budget Development and Reporting	6	7	6	6	6
Fiscal Planning and Economic Analysis	6	6	6	6	6
Investment, Treasury and Risk Management	596	533	525	523	523
Office of the Controller	7	8	8	8	8
Tax and Revenue Management	36	41	38	38	38
Financial Sector and Pensions	178	177	176	176	176
Provincial Bargaining Coordination Office	2	2	2	2	2
Red Tape Reduction	-	1	3	3	3
Public Service Commission	70	72	66	66	66
Communications and Public Engagement	64	35	32	32	32
Gaming	44	50	46	46	46
Carbon Tax – Consumer Rebates	523	180	-	-	-
Teachers' Pre-1992 Pensions – Payments	479	486	488	488	487
Alberta Family Employment Tax Credit	159	161	41	-	-
Scientific Research and Experimental Development Tax Credits	66	50	-	-	-
Corporate Income Tax Allowance Provision	(46)	15	15	15	15
<b>Total Operating Expense</b>	<b>2,199</b>	<b>1,837</b>	<b>1,462</b>	<b>1,419</b>	<b>1,419</b>

# Public Sector Compensation

In 2018-19, Alberta spent \$26.9 billion on public sector compensation, representing 55 per cent of the Alberta government’s operating budget. This is a common cost pressure in delivering public services.

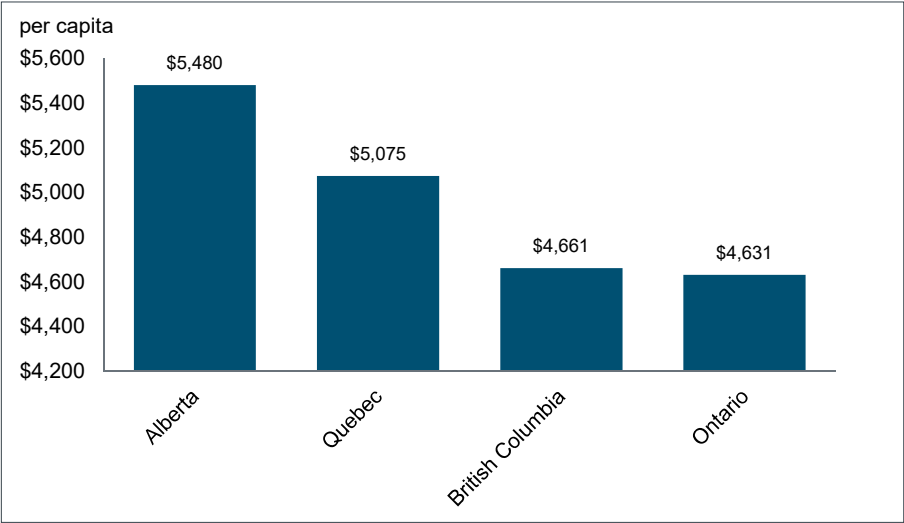
However, as the MacKinnon Panel highlighted, compensation across public sector professions is higher than comparable large provinces, despite Alberta’s lower cost of living “measured by a comparison of provincial taxes and utilities in key cities in each of the provinces” (MacKinnon Panel). According to Statistics Canada, Alberta had the highest total compensation for all public sector jobs per capita in 2018, compared to key comparator provinces of Quebec, British Columbia and Ontario.

Similarly, with some exceptions, workers in many occupations across the Alberta Public Service are compensated as much as 20 per cent higher than the Ontario-West average, a comparator used to reflect the most common interprovincial migration patterns.

Albertans can no longer afford to support a public sector that is so much more expensive than other provinces. Aligning public sector compensation levels with the average of comparable provinces over time will maintain strong public services while furthering government’s ability to maintain a high level of service delivery to Albertans through predictable and responsible spending.

MLAs have led by example by taking a five per cent salary reduction, while the Premier has taken a 10 per cent salary cut.

Total Compensation For All Jobs (2018)



**Note:** Total Compensation for all jobs includes Government educational services, Government health services and Provincial and territorial government services.  
**Source:** Statistics Canada Table: 36-10-0480-01 and Table: 17-10-0005-01.



The following table outlines the budgets for compensation that are contained in *Budget 2019*. As shown, public sector compensation will decrease 2.1 per cent by 2022-23 compared to 2018-19.

## Compensation for Alberta's Public Sector

(in millions)

	Comparable 2018-19 Actual	2019-20 Estimates	2020-21 Target	2021-22 Target	2022-23 Target	% Change From 2018-19 Actual
Alberta Health Services	8,321	8,327	8,299	8,276	8,237	-1.0%
School Boards	6,262	6,323	6,306	6,317	6,318	0.9%
Post-Secondary Institutions	3,505	3,406	3,349	3,292	3,231	-7.8%
Alberta Public Service (Departments)*	2,904	2,932	2,767	2,696	2,684	-7.6%
Other Government Agencies	645	620	571	571	571	-11.5%
Sub-total	21,637	21,607	21,292	21,152	21,040	-2.8%
Physician Compensation and Development	5,213	5,242	5,228	5,230	5,258	0.9%
<b>Total</b>	<b>26,850</b>	<b>26,849</b>	<b>26,519</b>	<b>26,383</b>	<b>26,298</b>	<b>-2.1%</b>

\* Includes salaries for Disaster spending in 2018-19 Actual and 2019-20 Estimates

*Budget 2019* calls for tight controls on public sector compensation and contains no increases in compensation for the public service.

Expected position reductions for the year are outlined on page 190. Reductions – mainly through attrition – are expected by 2022-23. Compensation reductions are commensurate with the expected FTE reduction.

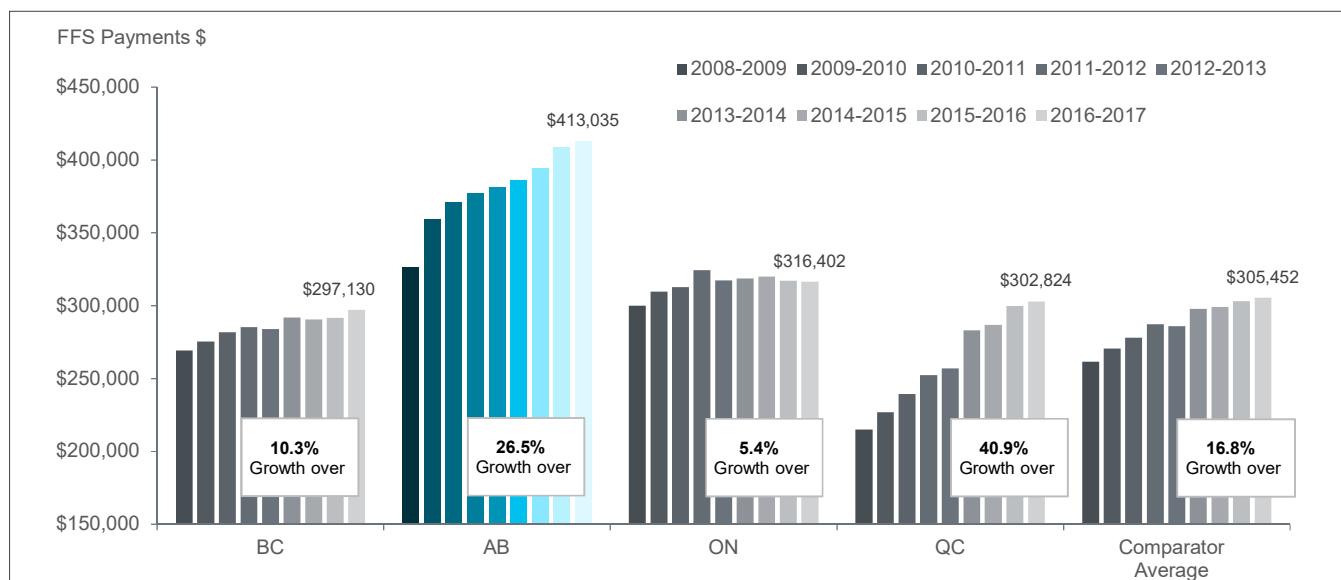
Overall savings of \$552 million are expected through staff reductions and by simplifying service delivery methods. Further reductions may be necessary to accommodate for awards through arbitration in 2019-20.

With the principles of living within our means, government will reduce employer contributions for the Management Employment Pension Plan (MEPP), saving approximately \$65 million over the next four years. This will not affect benefits but will reduce the costs for government contributions.

### *Alberta Public Service – Compensation Outliers*

In many cases, Alberta Public Service workers are compensated significantly higher than the Ontario-West average (a comparator used based on the most common inter-provincial migration patterns). Some representative rates for various occupations in 2018 ranged from 3.5 per cent higher for service workers, five per cent higher for correctional peace officers, and 18 per cent higher for policy analysts. Correcting compensation outliers through a period of restraint, in order to better reflect the Ontario-West average, will maintain Alberta's competitiveness while furthering the government's commitment to live within its means.

## Physicians' Fee-For-Service Payments



**Source:** Alberta Health completed analysis of CIHI National Health Expenditure Database.

### Physician Compensation

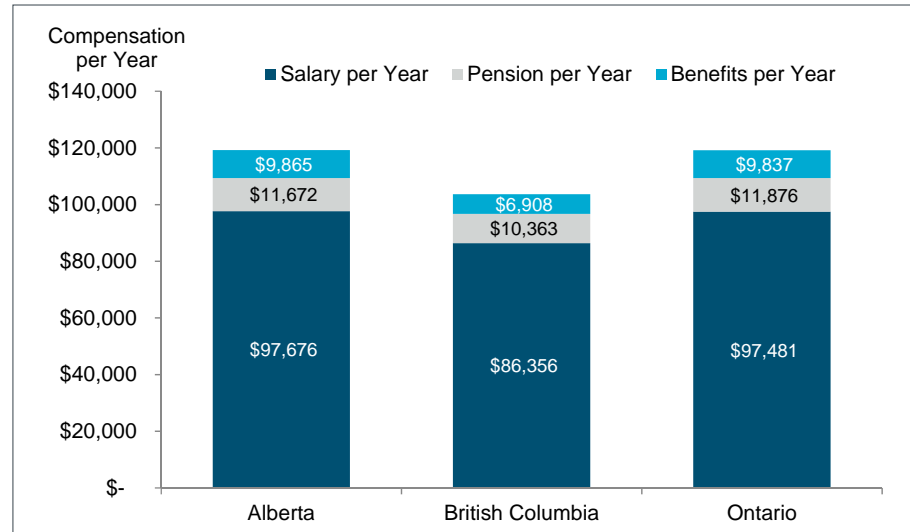
Government is prepared to negotiate with the AMA to limit the growth in physician compensation costs. The MacKinnon Panel noted that physicians' fee-for-service payments are significantly higher in Alberta compared to other provinces. In 2016-17 the average fee-for-service earning for all Alberta physicians was \$413,000. That is \$107,000 or 35 per cent higher than the average in comparator provinces. Alberta also has among the highest number of physicians per capita, but they are not practicing necessarily where needed. To that end, government plans to amend the Health Care Insurance Act and regulation to give the Minister of Health the authority to place controls on where physicians practice.

### Nurses

Alberta has the highest hourly salary range for Registered Nurses, Head Nurses / Supervisors and Graduate Nurses. For example Alberta's starting hourly salary rates for Registered Nurses is 33 per cent higher than Quebec, and 11 per cent and nine per cent for Ontario and British Columbia, respectively. (Source: KPMG – August 15, 2019 report)

Alberta nurses also have benefit provisions in their contracts not in or uncommon to other Canadian nursing agreements. Among these include annual lump sum payments on top of wages and benefits, Designated Days of Rest and overtime rates that are generally more generous than peers in other provinces.

## Teachers' Total Maximum Compensation



**Note:** Alberta benefits includes 3.1% of salary for the pre-1992 Teachers Pension Plan liability

**Sources:** Teacher Maximum Total Compensation: Cross-Jurisdictional Analysis, 2017-18 from the Ministry of Education. Teacher Pension Plan liability history provided by Government of Alberta

### Teachers

Alberta teacher total compensation is among the highest in Canada which includes 3.1 per cent additional pay as a result of government assuming 100 per cent of the pre-1992 Teachers Pension Plan liability, valued at \$7.7 billion as of March 31, 2019.

# Streamlining Government Processes

## Operational Efficiencies – Transforming Financial Services

The MacKinnon Panel reported that the provincial government has spent an average of \$4.8 billion a year on goods and services, and contracts. The panel believes a well-managed procurement process and streamlined processes could help control costs.

Treasury Board and Finance, in concert with Service Alberta, is continuing to lead the transformation of government's financial services to maximize the benefits of new technologies. This modernization will strengthen government's financial management through more efficient transactions and improved supports such as enhanced analytics, reporting, budgeting and decision-making.

Central to these changes, Treasury Board and Finance will have stronger accountability and authority to set and manage financial practices, policies and processes across departments. This applies to such functions as revenue management, treasury, budgeting and monitoring, compliance, reporting, policy and governance. Increasing the use of centralized services will take advantage of economies of scale and support such functions as procurement, accounts payable, accounts receivable, expense claims and asset management accounting.

Finance branches are increasingly taking a one-government approach to financial operations, strategic management such as departmental budgeting and analytics, and program support such as grant administration, procurement and payments. This approach will help realize operational efficiencies so government is living within our means and delivering corporate service functions in the most cost effective manner.

## Cash and Investment Management

Three main components in *Budget 2019* enhance government processes related to cash and investments.

### *Fund dissolution*

Dissolving the following funds will reduce organizational complexity, clarify accountability and decision-making, and better manage cash to reduce borrowing requirements and debt servicing costs:

- Access to the Future Fund
- Alberta Cancer Prevention Legacy Fund
- Environmental Protection and Enhancement Fund
- Historic Resources Fund
- Lottery Fund

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Fund dissolution reduces debt servicing costs by \$13 million while government continues to honour program spending.

Dissolving these funds decreases projected borrowing by about \$650 million, saving roughly \$13 million in debt servicing costs per year. Dissolving these funds does not impact intended programs' spending, which are incorporated into ministry budgets and funded from the General Revenue Fund.

#### *Use of Reserves*

The government is making changes to help its cash management and reduce debt servicing costs. The Alberta Social Housing Corporation (ASHC) has accumulated a cash reserve balance of \$425 million as of March 31, 2019. To effectively utilize the ASHC's cash reserve, this balance will be used to fund \$198 million of the ASHC's 2019-20 operating and capital requirements and pay off its \$50 million outstanding debt owed to CMHC. These changes will draw down the cash reserve balance and reduce borrowing needs and associated debt servicing costs of government.

School boards are also expected to use reserves prudently to deliver services.

#### *Increase Investment in AIMCo*

To build a "made in Alberta" portfolio for healthy public investment, the volume of funds invested must be big enough to support optimum earnings and minimize costs. To maximize the funds under investment, government intends to reverse the option of public sector pension plans leaving AIMCo as a fund manager. Moreover, the Alberta Teachers Retirement Fund, Workers' Compensation Board and Alberta Health Services will be expected to transfer funds to AIMCo for management, reducing redundant administration.

AIMCo is expected to provide maximum returns to its clients, and processes will be expanded to support broader agency involvement.

#### **Creation of a Transferable Supply Vote**

Government is implementing a recommendation from the MacKinnon Panel by amending the *Financial Administration Act* and the *Financial Planning and Transparency Act* to enhance efficiency, transparency, accountability and flexibility. Amendments will create a transferable supply vote for disasters and other contingencies, and repeal the 1 per cent rule that limits un-budgeted in-year operating spending increases. A transfer of spending authority from the transferable supply vote to a department would only be allowed for a public emergency or disaster, or for an unanticipated priority that is in the public interest and cannot be delayed to the next budget. A spending authority transfer would be approved by Order in Council, enhancing transparency and holding government accountable.

Previous governments significantly under-budgeted emergency and disaster funding at \$200 million a year. Natural events risk disrupting a financial plan to balance. Though disasters are difficult to predict, *Budget 2019* contains a significant increase for these unexpected events – \$680 million in the current year for wildfires, emergencies and other events, then \$750 million per year after that as the maximum recommended by the panel.

## **Program Review**

Acting on a MacKinnon Panel recommendation, government is developing a framework to support a comprehensive approach to program reviews, focusing on program effectiveness and efficiency and ensuring services are in the public interest. The goal is to identify ongoing service innovation and improvement, rather than implementing a one-time cost saving measure. Procurement innovation and modernization will also form a component of program review. It is expected this process will identify savings opportunities for future fiscal plans.

Balancing the budget so that we live within our means is an important step in making Alberta competitive, bringing back jobs, defending Alberta's independence and ensuring sustainable public services for the coming generations.



BUDGET 2019

GOVERNMENT OF ALBERTA | 2019–23

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# Fiscal Plan Capital Plan



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Note: Amounts presented in tables may not add to totals due to rounding.

## 2019 Capital Plan

Alberta's fiscal reality and the need for long-term financial sustainability is reflected in the *Budget 2019* Capital Plan. The Plan introduces a moderated yet comprehensive long-term spending strategy. Albertans can be assured it involves responsible investing and continues to support economic growth, as well as critical ongoing, key public services such as health and education.

The MacKinnon Panel highlights that Alberta spends more per capita, or per Albertan, than its provincial counterparts and contains a number of recommendations related to capital spending. Government heard this message. This Plan brings capital spending into greater alignment with other provinces over time. In doing so, the Plan sets capital spending at a level that will help put the province's finances on a sustainable footing. At the same time, it honours previous commitments to build and maintain key infrastructure projects while taking into account learnings from the MacKinnon Panel.

The Plan honours government's platform commitments. It includes: an increase to the Land Trust Grant Program and investments for planning Big Island Provincial Park and redeveloping and expanding services at Hope Mission. Other continuing projects include the Calgary Cancer Centre, a new Edmonton hospital, the Grande Prairie Hospital, province-wide school projects and Edmonton and Calgary light rail transit (LRT).

In addition to providing overall direction to the Capital Plan, the MacKinnon Panel also provided specific recommendations on how to allocate capital funding to municipalities and for capital maintenance and renewal. These types of program changes outline the need for legislation to guide the capital planning process.

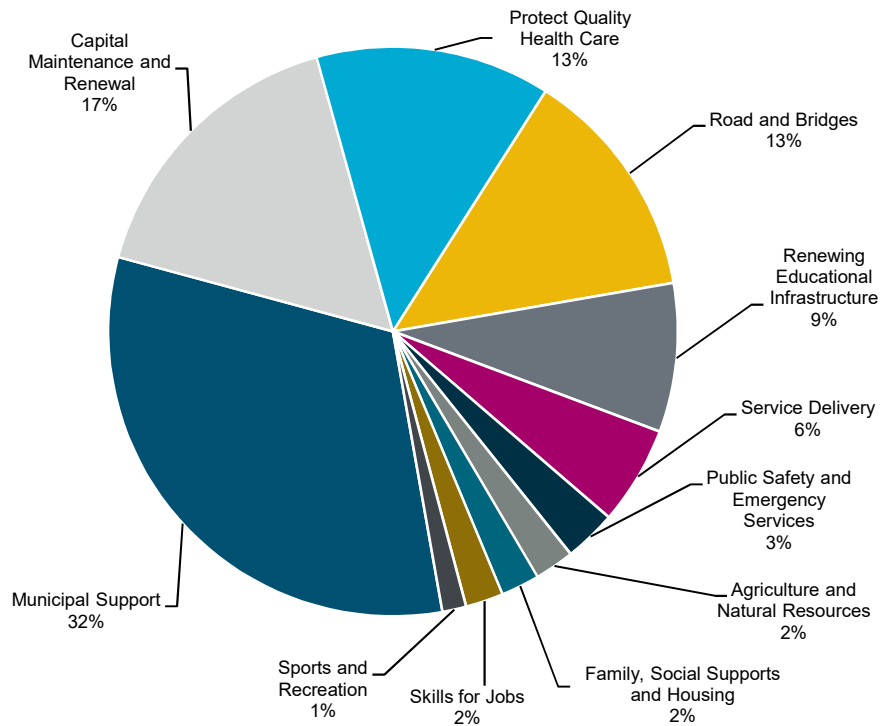
Through upcoming legislation for infrastructure planning, government will outline how it will prioritize and report on capital spending. This will include the commitment to publish an annual Alberta infrastructure report as well as a 20-year strategic capital plan. A strong governance framework allows for the methodical approach to carefully consider the addition of future projects to the Capital Plan and their value to Albertans.

The 2019 Capital Plan invests \$24.2 billion over four years. Municipal support accounts for the largest portion of the Capital Plan at 32 per cent, followed by capital maintenance and renewal at 17 per cent, and health care and roads and bridges both at 13 per cent.

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The 2019 Capital Plan invests \$24.2 billion over four years.

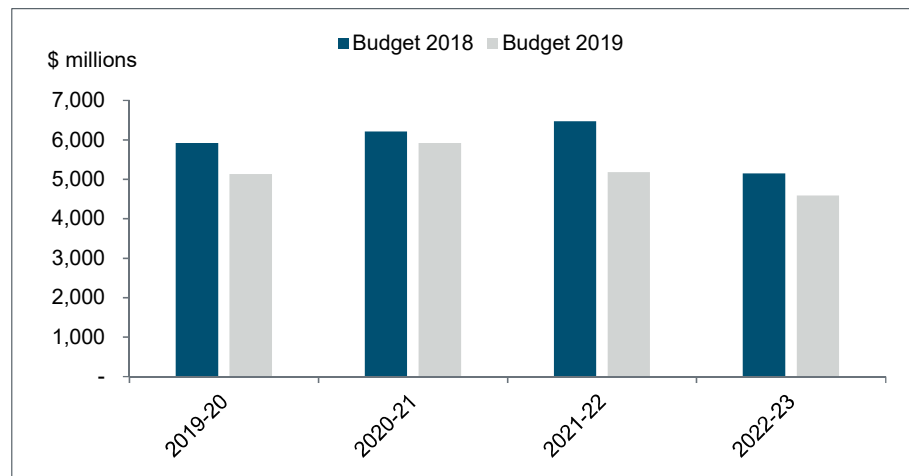
## Budget 2019 – Capital Plan



**Note:** Excludes schools, universities, colleges, hospitals (SUCH) sector – self financed investment.

While maintaining many prior year commitments, this Capital Plan will see provincial spending on capital decrease by over \$2.9 billion between 2019-20 and 2022-23, or roughly 12 per cent compared to the 2018 Capital Plan.

## Budget 2018 and Budget 2019 Capital Plan Provincial Funding



**Note:** Includes schools, universities, colleges, hospitals (SUCH) sector – self financed investment

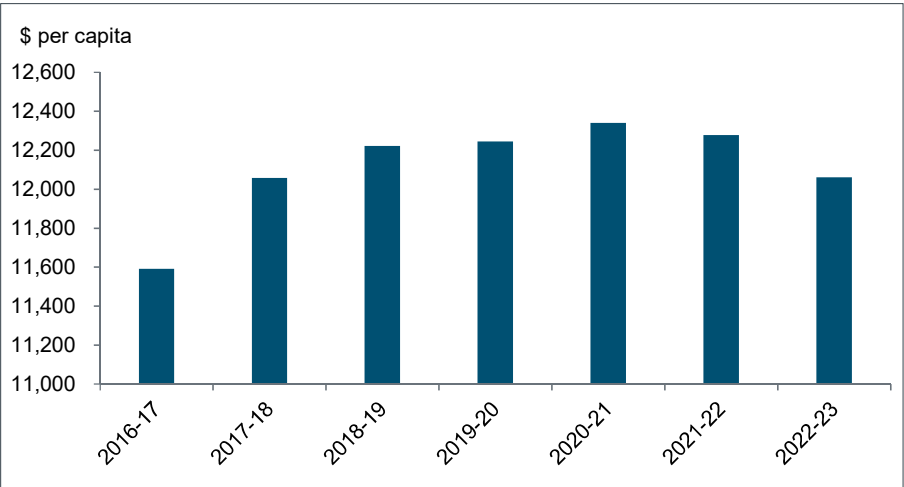
**Source:** Alberta Treasury Board and Finance

Government will use federal infrastructure funding from the Investing in Canada Infrastructure Program (ICIP) to more effectively manage costs and support the most critical and current needs. This means Capital Plan reductions will be largely offset by increases in federal flow-through funding for projects such as the Calgary and Edmonton LRTs. These federal infrastructure-related funds increase the size of the Capital Plan, but that is balanced by an equivalent transfer also appearing in provincial revenue.

With the planned reductions, the net book value of the province’s capital assets per capita will start to fall, as recommended by the MacKinnon Panel. The net book value of capital assets takes into account the existing stock of capital assets, as well as new investments and amortization (see Schedule 3 in the Fiscal Plan Tables). Capital assets will peak in 2020-21, at \$12,341 per capita as major projects from prior plans are completed, and then will fall as capital investments outlined in this Plan start to grow slower than population growth.

The MacKinnon Panel recommended to bring Alberta’s net public capital stock in line with the average per capita capital stock in the other provinces over the next ten years as part of balanced budget plans and long-term fiscal sustainability.

Provincial Capital Assets



Sources: Statistics Canada and Alberta Treasury Board and Finance

Government will explore alternative financing options, including public-private partnerships, for priority infrastructure projects when there is a solid business case and value-for-money can be achieved for taxpayers. Transportation, continuing care and school projects will be evaluated for the potential to enhance the use of capital funding by establishing a partnership or alternative arrangement that will better leverage tax dollars used in infrastructure investments. Strategic partnerships with the private sector will contribute to providing the necessary services to Albertans as effectively as possible.

Government will also examine leveraging land for the construction of affordable housing infrastructure through partnerships with civil society organizations and private industry. This helps to ensure affordable housing for specialized needs is maintained and increased to address growing demand.

## Municipal Support

The MacKinnon Panel recommended that the province examine its legislative framework for capital funding to municipalities with the goals of:

- aligning funding to provincial goals and priorities and fiscal capacity, while further considering funding formulas that require municipalities to share more in the costs of major projects;
- adjusting its allocation formulas for grants to municipalities in line with the policy of bringing Alberta's provincial and municipal per capita capital stock in line with the comparator provinces;
- establishing accountability mechanisms and performance measures to monitor the delivery of municipal programs and services and value for money spent, so citizens have the ability to constructively evaluate their local government and their use of tax dollars; and
- making better use of federal infrastructure funding, through the ICIP, as a means of more effectively managing the costs of the Capital Plan.

The MacKinnon Panel found that Alberta's capital stock per capita was 19 per cent above the provincial average, but municipal governments' stock was 81 per cent above the average. Moreover, Alberta's capital grants to municipalities were found to be over 20 per cent higher than the national average. Given the province's current fiscal capacity, the province can no longer afford to provide the level of funding that municipalities received in the past.

This Capital Plan reflects the following:

- The Municipal Sustainability Initiative (MSI) funding will be reduced by \$94 million and \$142 million in 2020-21 and 2021-22, respectively. By starting reductions in 2020-21, municipalities will have time to adjust.
- A new Local Government Fiscal Framework will replace the existing MSI/Basic Municipal Transportation Grant and the *City Charters Fiscal Framework Act*. The base-year funding for the new framework will be set to \$860 million in 2022-23. This means the funding for Edmonton and Calgary will be rebased to \$455 million, from \$500 million and funding for other municipalities will be set at \$405 million in 2022-23. This funding framework will see these transfers grow at half the rate of provincial revenue growth.
- The province will maintain \$3 billion for Edmonton and Calgary LRT projects. However, part of the Capital Plan reductions come from adjusting cash flows related to this funding. Most of the provincial funding will be provided after 2022-23. The adjusted provincial cash flows are a more prudent and realistic disbursement of funds for these major projects. They

reflect the province's ability to pay and minimize the need to borrow when funds are not available.

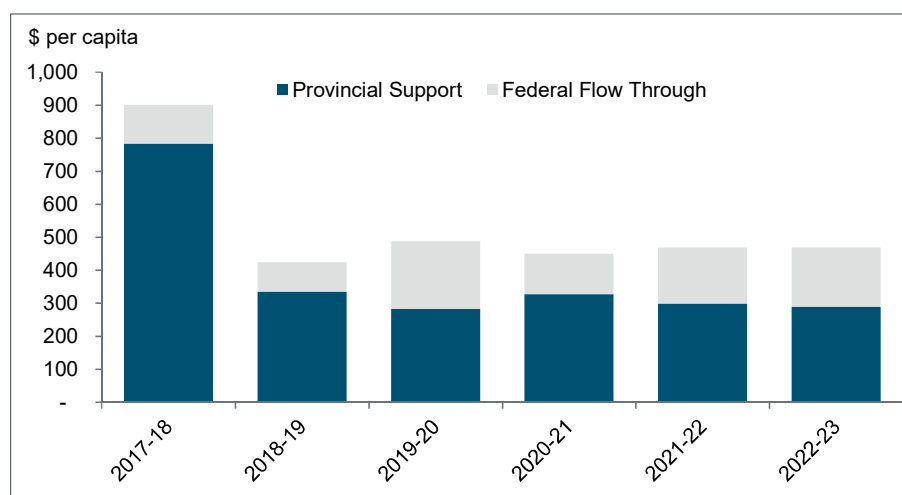
The \$236 million reduction to MSI represents a 9 per cent reduction over the three remaining years of the program. The new framework adjustment amounts to a reduction from current agreements.

Provincial funding to municipalities is set to reach \$1.2 billion in 2019-20. This is \$208 million lower than in 2018-19, primarily due to the winding down of the GreenTRIP capital grant program and reductions of \$20 million in operating grants to municipalities (see page 110 of the Expense section). Provincial funding will average \$1.4 billion between 2020-21 and 2022-23. Total funding to municipalities, including federal flow-through funding, is forecast at \$2.1 billion in 2019-20 and will average \$2.1 billion between 2020-21 and 2022-23.

Alberta has one taxpayer. When hard-working Albertans see their incomes shrink and struggle to make ends meet, they have to face their fiscal realities – and so do governments.

These changes to municipal funding will lower per capita funding levels and put them in line with averages outlined by the MacKinnon Panel. Between 2019-20 and 2022-23, provincial capital and operating grants per capita will average around \$299 per capita. However, once federal funds are taken into account, the average per capita transfers will exceed \$469 per capita. These averages include provincial funding for the Edmonton and Calgary LRT projects. This funding is expected to rise after 2022-23, increasing per capita funding levels over time.

## Municipal Funding



**Note:** Provincial support includes both capital and operating grants. In 2017-18, government advanced funds from 2018-19 and 2019-20.

**Sources:** Statistics Canada and Alberta Treasury Board and Finance.

## Other Reductions

The Plan also reflects decisions from the government's program and project review. Many initiatives were removed or reduced, because they were too costly and did not provide the value that Albertans expect. Changes include:

- Removal of the capital grants for the Petrochemical Feedstock Infrastructure Program (\$800 million).
- Removal of the capital grants for the Partial Upgrading Program (\$215 million).
- Removal of the Edmonton Clinical Laboratory Hub project (\$579 million).
- Removal of the carbon tax funded Alberta Community Transit Fund and other short-term carbon tax funded programs. Programs such as the Light Rail Transit, the carbon capture and storage and other large scale projects have been maintained.
- Removal of the Provincial Operations Centre project (\$122 million).
- Ending the Alberta Community Resilience Program, after 2020-21.

## Roads and Bridges

Building and improving roads and bridges connects people and resources, enabling commerce, tourism, and community building throughout Alberta. Strong transportation infrastructure is key to creating an efficient and robust economy. Just-in-time global supply chains mean that to be competitive, our Alberta-based businesses need to get their goods to market quickly and cheaply. Significant investment – \$2.9 billion over the next four years or 13 per cent of the total plan – is dedicated to transportation networks and roads in the 2019 Capital Plan. Among many other projects, the Plan commits funding of \$77 million to construct Highway 1A upgrades through the Stoney First Nation and \$210 million for Deerfoot Trail upgrades.

The Strategic Transportation Infrastructure Program will continue to provide financial assistance to municipalities for total provincial support of \$84 million. Continuing this funding will promote economic growth and will improve and rehabilitate local transportation infrastructure such as local bridges, community airports and resource roads for communities.

## Protect Quality Health Care

Health care is one of the most critical services that the province provides. These investments provide front-line health care workers with the equipment and spaces they need to keep Albertans healthy. At the same time, these funds ensure that Alberta's health facilities remain relevant to the changing demands in health care. Government commits \$2.9 billion in the Capital Plan for health care facilities throughout the province. The Plan continues to support projects such as the Calgary Cancer Centre, the Norwood Long Term Care Facility in

Edmonton, and the Grande Prairie Hospital. The Plan includes planning funds for potential future projects such as redevelopment of the Red Deer Regional Hospital and the proposed Brain Centre at the University of Alberta.

The Plan defers the proposed Child and Adolescent Mental Health building at the Royal Alexandra Hospital and the four-year budget for the new Edmonton hospital has been adjusted with the opening delayed to 2030, more consistent with the expected growth in demand for acute care beds in the region.

## Capital Maintenance and Renewal

Past investments and current assets allow the government to provide Albertans with essential services throughout the province. Infrastructure is a long-term investment. Assets must serve many generations. The maintenance and renewal of roads, schools, and hospitals that Albertans depend on extends their life and performance, and is less expensive than building new. Maintaining and improving the infrastructure we already have is a priority and is a significant portion of the capital budget.

For this reason, the MacKinnon Panel highlights the need for stable funding and focuses on improved Capital Maintenance and Renewal (CMR) strategies. *Budget 2019* starts to address this critical aspect of capital spending by maintaining current CMR funding levels. Based on the MacKinnon Panel recommendations, government is conducting a comprehensive review of the CMR program to ensure predictable and sufficient funding for infrastructure maintenance and renewal. CMR accounts for \$3.6 billion, or about 17 per cent, of the capital budget.

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The MacKinnon Panel recommended that the province stabilize and rationalize the allocation of Capital Maintenance and Renewal (CMR) spending and give priority to CMR in the areas of greatest need in future capital expenditure decisions.

## Renewing Educational Infrastructure

Government is committed to renewing educational infrastructure across the province. Delivering quality education is a top priority. Prioritizing educational capacity and recognizing the importance of good infrastructure are critical to the overall success of Alberta's education system and contribute to the economic growth and prosperity of our province. The 2019 Capital Plan invests \$1.8 billion into construction of new schools and the modernization of existing schools across the province. This addresses the need for additional student capacity and ensures that schools meet students' educational needs. This funding allows school projects to continue over the next five years and includes \$123 million for approximately 250 new modular classrooms and \$397 million over five years for 25 new and modernized school projects, to address student population pressures.

When announced, school project status for projects located across the province will be posted online at: <https://projects.alberta.ca/>.



## Service Delivery

To support more efficient and productive service delivery, the Plan invests in updating government technology systems. Government can better streamline processes, reduce regulatory constraints, increase service capacity and allow more flexible service delivery to Albertans at a lower cost.

In health care, government is investing \$17 million in the Enabling New Models of Care. This system will support digital transformation, and drive efficiency and improvement in health care business processes and practices, particularly for providers such as physicians and pharmacists.

In energy, the Plan makes an additional \$5.3 million commitment to the Integrated Decision Approach (IDA). This will support a technology-enabled business process that will significantly increase project approval time through risk-informed decision making. IDA will deliver regulatory competitiveness through improved industry collaboration. Once fully implemented, the system is estimated to save industry more than \$600 million.

In the justice system, the Capital Plan also spends \$39 million on the Alberta eCourts project over six years. This will digitally transform court records and streamline and standardize court processes. The project will ensure an effective and timely records system that is responsive to evolving needs of our justice system. Albertans are expected to save nearly one million visits; two million hours and over \$400 million in expenses over the first five years, because they will not have to attend a court facility, except for more substantive matters and trials.

## Family, Social Supports and Housing

Government is spending \$476 million on seniors, family and community housing developments and renewal, to provide the assistance and supports that communities need. Work continues on affordable housing development and renewal projects. Funding was committed to seven new projects so that Albertans facing homelessness receive essential support and care wherever they live. A strong commitment is maintained for the existing Family and Community Housing Development and Renewal Capital Program, Indigenous Housing Capital Program and Seniors Housing Development and Renewal Capital Program in the 2019 Capital Plan.

The Plan supports vulnerable Albertans by spending \$38.4 million on projects that help Alberta's youth and homeless. These include adding the Hope Mission and Yellowhead Youth Centre Redevelopment projects to this year's Capital Plan.

## Other

The Plan supports \$463 million for the construction and development of post-secondary infrastructure. Ongoing projects include the University of Alberta Dentistry Pharmacy Functional Building Renewal, Keyano College Campus Upgrades and the University of Calgary MacKimmie Complex.

Sports and recreation projects are funded within the Plan for a four-year total of \$296 million. The Community Facility Enhancement Program receives continued support, albeit at a reduced rate in the Plan for \$100 million, and will continue to allow for the purchase, construction, renovation, and upgrade of public-use community facilities throughout the province. The Heritage Park Society Natural Resources project that was approved in 2018 also continues to be funded in the 2019 Capital Plan however, projects such as the Reynolds Museum upgrade are provided with a reduced amount of support as a result of a further review of the project. Other projects include the upgrades to the Royal Alberta Museum in Edmonton, Royal Tyrrell Museum of Palaeontology in Drumheller and Vivo for Healthier Generations centre in Calgary.

## Capital Plan Details

(millions of dollars)

	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target	4-Year Total
<b>Municipal Support</b>					
Alberta Community Resilience Program (ACRP)	23	20	-	-	43
Clean Water and Wastewater Fund (CWWF)	77	20	-	-	97
Edmonton and Calgary LRT	151	192	485	569	1,396
Federal Gas Tax Fund	477	244	255	255	1,231
First Nations Water Tie-In Program	18	13	12	10	53
GreenTRIP	125	60	5	-	190
Local Government Fiscal Framework	-	-	-	860	860
Municipal Sustainability Initiative	641	963	897	-	2,501
Municipal Water and Wastewater Program	32	18	27	23	101
New Building Canada – Small Communities Fund	10	-	-	-	10
Public Transit Infrastructure Fund (PTIF)	138	35	-	-	173
Regional Water/Wastewater Projects – Water for Life	40	51	50	50	192
Strategic Transportation Infrastructure Program	22	15	21	25	84
Water Line to Castle Region	3	-	-	-	3
<b>Total Municipal Support</b>	<b>1,758</b>	<b>1,632</b>	<b>1,753</b>	<b>1,792</b>	<b>6,933</b>
<b>Capital Maintenance and Renewal</b>					
Airtanker Base Maintenance	1	1	1	1	3
Fish Culture Capital Maintenance and Renewal Program	11	1	1	1	13
Government Owned Facilities	78	69	74	68	289
Health Facilities	97	110	175	150	533
Information Technology	16	16	16	16	64
Innovation Infrastructure Maintenance	2	2	2	2	9
Post Secondary	12	119	119	119	368
Provincial Parks	26	25	25	25	102
Roads and Bridges	387	371	371	371	1,501
School Facilities	119	119	122	121	480
Seniors Facilities and Housing	40	48	60	60	208
<b>Total Capital Maintenance and Renewal</b>	<b>789</b>	<b>881</b>	<b>965</b>	<b>934</b>	<b>3,569</b>

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## Capital Plan Details, continued

(millions of dollars)

	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target	4-Year Total
<b>Protect Quality Health Care</b>					
Addictions and Detox Centres	6	1	-	-	7
Calgary Cancer Centre	232	265	277	260	1,034
Clinical Information Systems	137	110	47	-	294
Complex Continuing Care Facility (Calgary)	3	21	30	51	104
Continuing Care Beds	28	84	40	32	184
Edmonton Clinical Laboratory Hub	6	-	-	-	6
Edmonton hospital	8	40	40	150	238
Edson Healthcare Centre	3	1	-	-	4
Equipment for Cancer Corridor Projects	3	-	-	-	3
Foothills Medical Centre Urgent Power Plant Capacity (Calgary)	12	29	7	-	48
Fort McMurray Residential Facility-Based Care Centre (Willow Square)	50	7	-	-	57
Grande Prairie Regional Hospital	100	96	19	-	215
Health Facility Project Planning Funds (incl. Misericordia, Royal Alexandra and Red Deer Regional hospitals)	3	2	1	1	7
High Prairie Health Complex	2	-	-	-	2
Lloydminster Continuing Care Centre	-	5	-	-	5
Medical Device Reprocessing Upgrades Program – Phase 1	2	13	18	1	33
Medical Equipment Replacement and Upgrade Program	30	30	30	30	120
Medicine Hat Regional Hospital	9	6	-	-	15
Misericordia Community Hospital Modernization Program (Edmonton)	3	23	20	17	63
Northern Lights Regional Health Centre Repairs (Fort McMurray)	10	11	-	-	21
Norwood Long Term Care Facility (Edmonton)	39	82	110	97	327
Peter Lougheed Centre Emergency Department, Mental Health Intensive Care Unit and Laboratory Redevelopment	1	4	-	-	4
Provincial Heliports	2	-	-	-	2
Provincial Pharmacy Central Drug Production and Distribution Centre	3	12	12	24	52
Stollery Children's Hospital Critical Care Program (Edmonton)	7	13	11	-	31
University of Alberta Hospital Brain Centre – Neurosciences Intensive Care Unit (Edmonton)	-	1	6	6	12
<b>Total Protect Quality Health Care</b>	<b>699</b>	<b>853</b>	<b>668</b>	<b>669</b>	<b>2,889</b>

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## Capital Plan Details, continued

(millions of dollars)

	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target	4-Year Total
<b>Roads and Bridges</b>					
Assessment and Support Systems	20	20	20	20	78
City of Edmonton - 50th Street	-	-	-	14	14
Deerfoot Trail Upgrades (Calgary)	-	-	37	73	110
Edmonton / Calgary Ring Roads	488	587	463	335	1,873
Gaetz Avenue / Taylor Drive Interchange (Red Deer)	5	-	-	-	5
Grande Prairie – Highway 43 Bypass	1	-	7	-	8
Highway 19 (East and West ends)	15	9	-	4	28
Highway 1A Upgrade (Stoney First Nation)	-	17	1	9	27
Highway 63 Twinning (Grassland to Fort McMurray)	-	5	22	23	49
Highway Twinning, Widening and Expansion	95	133	178	191	597
P3 Ring Road Rehabilitation	9	6	6	6	28
Peace River Bridge	40	16	-	-	56
<b>Total Roads and Bridges</b>	<b>673</b>	<b>792</b>	<b>734</b>	<b>674</b>	<b>2,873</b>
<b>Renewing Educational Infrastructure</b>					
Education Planning Funds	1	1	1	1	4
Modular Classroom Program	45	28	25	25	123
Peerless Trout First Nation Schools	5	1	-	-	6
Playgrounds	5	6	-	-	11
Previously Announced School Projects	470	580	261	50	1,361
School Capital Projects 2019-24	-	44	145	139	328
<b>Total Renewing Educational Infrastructure</b>	<b>526</b>	<b>660</b>	<b>432</b>	<b>216</b>	<b>1,833</b>
<b>Service Delivery</b>					
Agrivalue Processing Business Incubator (Leduc)	5	12	7	-	24
Alberta Innovates – Millwoods Fuels and Lubricants Group Safety Upgrade	4	-	-	-	4
Alberta Innovates / InnoTech Alberta – Fume Hood Replacement Program	4	4	4	4	17
Centralized Industrial Property Assessment	2	7	2	2	13
eCourts	3	5	8	11	27
Electronic Health Records	6	6	6	6	23
Enabling New Model of Care (ENMOC)	-	11	6	-	17
Government Accommodation	37	65	50	50	202
Government Vehicle Fleet	13	13	13	13	51
Health IT Systems Development	22	22	22	22	89
Information Technology and Other Capital	85	74	80	68	308
Infrastructure Capital Planning	4	4	4	4	16
Integrated Approvals Project (One Stop)	1	-	-	-	1
Land Purchases	21	8	8	8	46
Modernization of Registry Systems	7	4	10	10	31
One Information Management and Technology (IMT) Enterprise Priorities	59	55	55	55	224
Water Management Infrastructure	29	30	30	30	119
<b>Total Service Delivery</b>	<b>301</b>	<b>321</b>	<b>305</b>	<b>284</b>	<b>1,211</b>

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## Capital Plan Details, continued

(millions of dollars)

	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target	4-Year Total
<b>Public Safety and Emergency Services</b>					
Alberta First Responders Radio Communications System	9	2	2	2	16
Calgary Remand Centre Divided Living Units	2	-	-	-	2
Calgary Young Offender Centre - Security Upgrades	2	-	-	-	2
Courthouse Renewal	14	18	9	-	41
Courthouse Upgrades and Renovations (Calgary, Edmonton, and Lethbridge)	2	-	-	-	2
Disaster Recovery Program Redesign	2	1	-	-	3
Flood Recovery Projects	100	190	96	-	386
Kananaskis Emergency Services Centre	7	2	2	-	11
Planning Funds	3	-	-	-	3
Red Deer Justice Centre	6	48	73	51	178
<b>Total Public Safety and Emergency Services</b>	<b>147</b>	<b>262</b>	<b>181</b>	<b>53</b>	<b>644</b>
<b>Agriculture and Natural Resources</b>					
Carbon Capture and Storage Initiative	136	71	58	58	324
Footner Lake (High Level) Facility Renovations and Enhancements	1	-	-	-	1
Fractionation Equipment at the Food Processing Centre in Leduc	1	2	-	-	2
Irrigation Rehabilitation Program	14	10	12	12	48
Land Stewardship Fund	15	15	15	15	60
Rural Utilities Program	3	3	6	6	19
Wildfire Facility Upgrade Program	6	6	6	6	26
Wildfire Management Readiness	2	2	2	2	9
<b>Total Agriculture and Natural Resources</b>	<b>179</b>	<b>110</b>	<b>100</b>	<b>100</b>	<b>488</b>
<b>Family, Social Supports and Housing</b>					
Aboriginal Business Investment Fund	5	5	5	5	20
Affordable Housing Energy Savings Program	3	-	-	-	3
Family and Community Housing Development and Renewal	30	37	9	-	76
Indigenous Housing Capital Program	5	10	10	10	35
Long Term Governance and Funding Agreement (LTA) – Infrastructure and Housing for Métis Settlements	3	2	2	2	10
New Housing Supply – Affordable and Specialized Housing	14	22	24	12	72
Planning for Affordable Housing	3	3	-	-	5
Seniors Housing Development and Renewal	63	99	61	31	255
<b>Total Family, Social Supports and Housing</b>	<b>126</b>	<b>178</b>	<b>112</b>	<b>60</b>	<b>476</b>

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## Capital Plan Details, *continued*

(millions of dollars)

	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target	4-Year Total
<b>Skills for Jobs</b>					
Keyano College – Campus Upgrades	8	-	-	-	8
NAIT – Blatchford Land Purchase	30	-	-	-	30
Northern Lakes College – Various Projects	11	6	1	-	18
University of Alberta – Dentistry Pharmacy – Functional Renewal of Building	48	49	44	56	197
University of Alberta – District Energy System	9	5	2	-	16
University of Calgary – MacKimmie Complex	95	60	32	-	187
University of Lethbridge – Destination Project	7	-	-	-	7
<b>Total Skills for Jobs</b>	<b>208</b>	<b>120</b>	<b>79</b>	<b>56</b>	<b>463</b>
<b>Sports and Recreation</b>					
Community Facility Enhancement Program	25	25	25	25	100
Heritage Park Society Natural Resources Project	1	1	-	-	2
Jubilee Auditoria Back-of-House Upgrades (Edmonton and Calgary)	6	3	-	-	8
Other Environment and Parks Projects	26	19	19	18	82
Reynolds – Alberta Museum (Wetaskiwin)	6	11	6	-	24
Royal Alberta Museum (Edmonton)	3	2	-	-	6
Royal Tyrrell Museum of Palaeontology – Expansion (Drumheller)	1	1	-	-	2
Telus World of Science (Edmonton)	5	9	3	1	17
Vivo for Healthier Generations (Calgary)	10	10	5	-	25
Winspear Centre (Edmonton)	7	14	6	-	27
Winsport – Upgrading for X Games	2	-	-	-	2
YWCA Calgary Hub Facility	1	-	-	-	1
<b>Total Sports and Recreation</b>	<b>93</b>	<b>96</b>	<b>64</b>	<b>43</b>	<b>296</b>
<b>Total Capital Plan – Core Government</b>	<b>5,499</b>	<b>5,904</b>	<b>5,393</b>	<b>4,880</b>	<b>21,674</b>
<b>Schools, Universities, Colleges, Hospitals (SUCH) Sector – Self-financed Investment</b>	<b>707</b>	<b>668</b>	<b>603</b>	<b>528</b>	<b>2,506</b>
<b>Total Capital Plan – Fully Consolidated Basis</b>	<b>6,206</b>	<b>6,572</b>	<b>5,996</b>	<b>5,407</b>	<b>24,180</b>

BUDGET 2019

GOVERNMENT OF ALBERTA | 2019–23

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# Fiscal Plan Tax Plan



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# Tax Plan

## Introduction

Since taking office in spring 2019, the government has delivered on its commitment to reduce the tax burden on Albertans and Alberta businesses. The repeal of the carbon tax lowers the cost of living for Albertans and their families and leaves more money with small businesses. The corporate tax reductions provided by the Job Creation Tax Cut, combined with reductions in red tape, will restore Alberta's tax competitiveness and help build an environment where businesses can thrive and create jobs for Albertans. This approach is in complete contrast to the approach implemented in the previous four years, which saw taxes on individuals and businesses increased during a deep recession, when households and job creators could least afford them.

With the implementation of the Job Creation Tax Cut, as well as enhancements to the capital cost allowance regime, Alberta will have the most competitive corporate tax system in Canada. The province will shift back to a low-rate, broad-based approach that leaves business decisions in the hands of business, not government. As part of this approach, *Budget 2019* proposes to eliminate existing targeted tax credits that benefit certain corporations.

Introducing the Alberta Child and Family Benefit (ACFB) will refocus child benefits to better support families most in need. The ACFB replaces the Alberta Family Employment Tax Credit (AFETC) and the Alberta Child Benefit (ACB) with a single program that provides more benefits to lower-income families while reducing administrative costs.

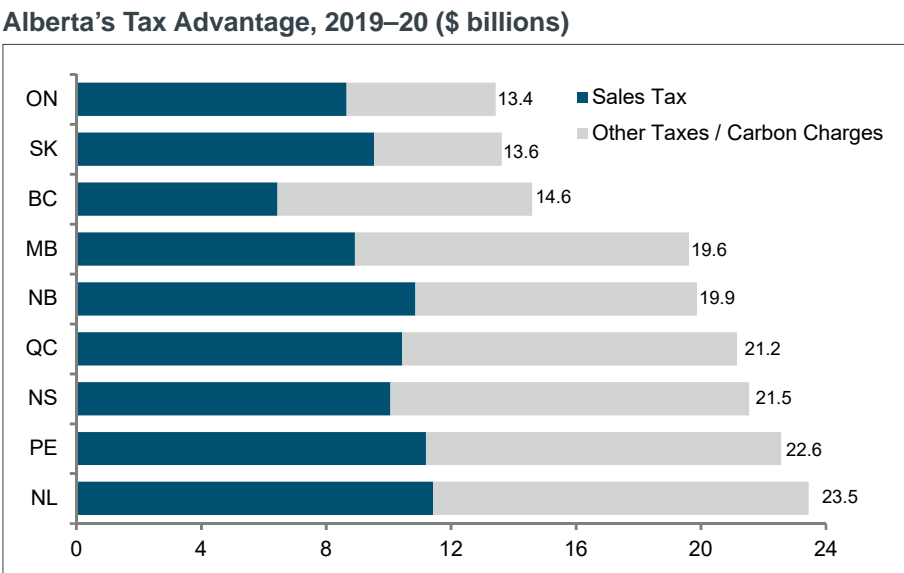
The government made a commitment to get Alberta's spending back under control and to better align it with other provinces. This includes looking at spending undertaken through the tax system, also known as tax expenditures, to ensure this spending is properly targeted, affordable and comparable to similar supports provided in other provinces. In addition to eliminating corporate-focused tax expenditures, Alberta will also:

- Pause indexation of the personal income tax system until economic and fiscal conditions improve.
- Eliminate education and tuition tax credit amounts.

Lastly, as part of Alberta's efforts to reduce tobacco use and deter non-users from ever starting, the tobacco tax will be increased \$5 per carton of 200 cigarettes, effective 12:01 a.m. on October 25, 2019. The government also intends to place a tax on vaping products to support public health and reduce youth access. More details on this tax will be available in the 2020 budget.

After factoring in all these changes, Alberta will continue to have a significant tax advantage compared to other provinces, with the most competitive corporate income taxes, low personal income taxes and no sales tax, payroll tax or health premium. Albertans and Alberta businesses would pay at least \$13.4 billion more in taxes if Alberta had the same tax system as any other province.

Alberta’s tax advantage is \$13.4 billion in 2019-20.



**Source:** Alberta Treasury Board and Finance

\* This graph shows the total additional provincial tax and carbon charges that individuals and businesses would pay if Alberta had the same tax system and carbon charges as other provinces. This information reflects tax rates for other provinces known as of October 4, 2019. This comparison includes personal and corporate income tax, sales tax, fuel tax, carbon charges (excluding the fuel charge under the federal carbon pricing backstop), tobacco tax, health premiums, payroll tax, liquor tax and markups, land transfer tax and other minor taxes.

## A Competitive Corporate Tax Regime

### Job Creation Tax Cut

The Job Creation Tax Cut is a legislated plan to reduce Alberta’s general corporate income tax rate from 12 per cent to eight per cent. Under this plan, the rate was reduced to 11 per cent on July 1, 2019, and will be reduced by one percentage point on January 1 of each year until reaching eight per cent on January 1, 2022.

As of July 1, 2019, Alberta has the lowest general corporate tax rate in Canada and will have, by far, the lowest rate when the Job Creation Tax Cut is fully implemented. By 2022, Alberta’s rate will be 30 per cent lower than the next-lowest announced provincial rate and Alberta will have a lower combined federal-provincial corporate tax rate than 44 U.S. states (see map).

Corporations taxed at the general rate are the principal drivers of private investment and economic activity, and account for 90 per cent of provincial corporate income taxes paid. They make large investments that help drive Alberta’s economy and employ many Albertans. Once fully implemented, it is estimated that these rate reductions will benefit over 100,000 Alberta businesses in all sectors of the economy. In the manufacturing sector, for example, the

Alberta’s combined federal-provincial tax rate will be lower than all other provinces and 44 U.S. states.

average tax-paying corporation will save an estimated \$100,000 per year, meaning more money to hire Albertans.

Corporate tax cuts also benefit Albertans and their families. Workers ultimately bear most of the cost of high corporate income taxes, with tax increases passed on through lower wages and salaries. Research published by the University of Calgary's School of Public Policy (McKenzie and Ferede, 2017) shows that, for every \$1 increase in corporate income tax revenue due to a rate increase, aggregate wages in Alberta decline by at least 95 cents. The Job Creation Tax Cut will result in more jobs and higher wages for Albertans, allowing them to better take care of their families.

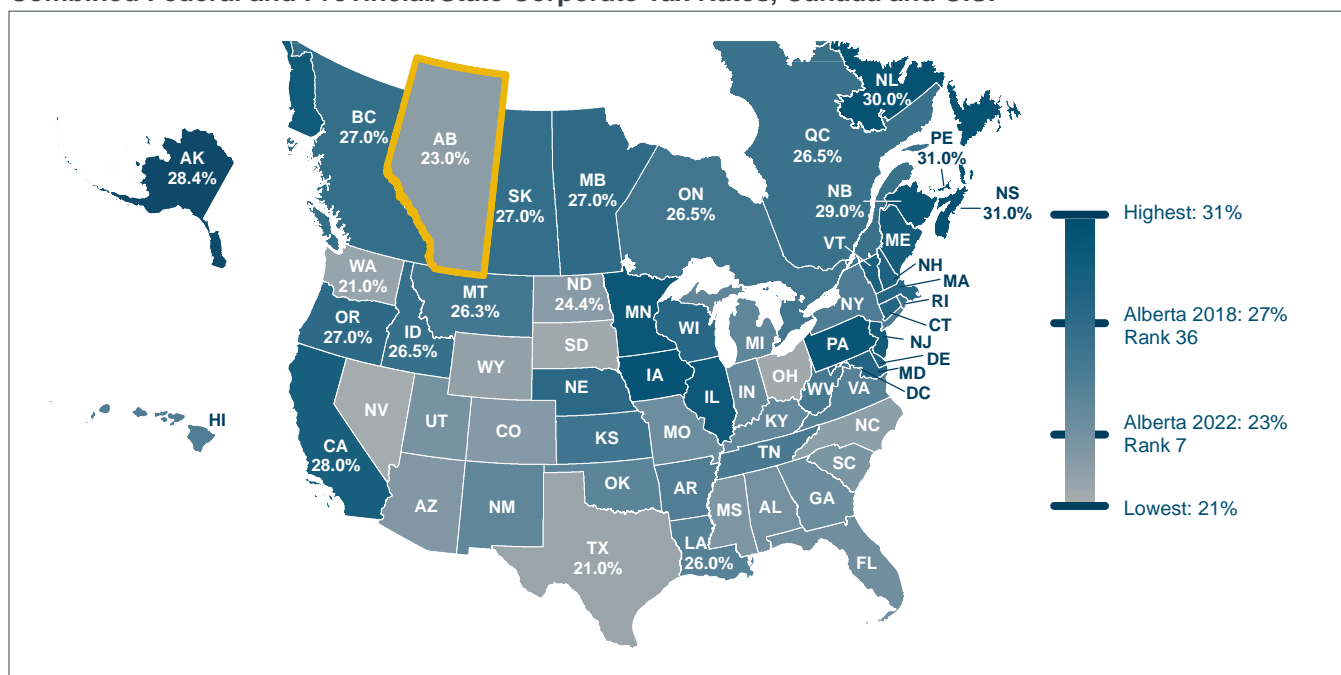
The *Budget 2019* forecast assumes that these reductions will increase investment by about \$4 billion per year by 2023 and real GDP growth by 0.3 to 0.4 percentage points annually between 2020 and 2023 (see Economic Outlook section). Research by the University of Calgary's School of Public Policy (Dahlby and Ferede, 2019) suggests the impacts could be even higher, boosting per capita growth by 0.6 to 0.9 percentage points per year, and adding more than 55,000 jobs by 2022. These job estimates are also in line with those produced by Professor Jack Mintz.

Lower corporate tax rates will mean more jobs and higher wages for Albertans.

### Scheduled Reductions to Alberta's General Corporate Income Tax Rate

General rate reduction schedule	Tax rate
July 1, 2015 to June 30, 2019	12%
July 1, 2019	11%
January 1, 2020	10%
January 1, 2021	9%
January 1, 2022	8%

### Combined Federal and Provincial/State Corporate Tax Rates, Canada and U.S.



\* Nevada, Ohio, Texas, and Washington impose gross receipts taxes instead of corporate income taxes, which are not reflected in the rates shown. Gross receipts taxes, which typically apply to total gross revenues, are generally considered more harmful to the economy than corporate income taxes.

When corporate tax rates were increased in 2015, corporate income tax revenue dropped for three consecutive years.

By boosting the economy and the success of corporations, the Job Creation Tax Cut will also strengthen the province's tax base. Research shows that the direct decline in revenue from a corporate tax reduction is, in large part, offset by taxes collected on higher investment, higher employment income, and new income earned in the province. From 2019-20 to 2022-23, positive economic impacts are expected to offset about half the cost of the rate reductions, with these impacts increasing over time. Over the next four years, the government will provide \$4.7 billion in tax relief, with a net fiscal cost of \$2.4 billion after accounting for these positive impacts.

### **Enhanced Capital Cost Allowances**

To further improve Alberta's competitiveness and encourage investment, Alberta also paralleled federal measures to enhance the capital cost allowance (CCA) regime. These measures allow corporations to claim the costs of new capital assets more quickly for tax purposes, improving a company's cash flow and making it more attractive for them to invest in new assets. Corporations will be able to immediately claim the full costs of manufacturing and processing equipment, along with clean energy generation equipment. Corporations will also be eligible to claim up to three times the normal first-year cost allowance related to other capital investments. The resource sector will be able to claim a first year deduction of one-and-a-half times the amount of qualifying development expenses they would otherwise be able to claim. Consistent with the federal announcement, these measures begin to phase out in 2023 and will be completely phased out by 2027.

This measure only benefits firms that make new investments. As a result, the enhanced CCA rates will encourage Alberta businesses to invest, grow and modernize their operations. The CCA enhancements will improve the cash-flow of businesses that invest in this province by providing up to \$900 million in provincial tax deferrals over the period of 2018-19 to 2022-23.

Historically, the Alberta economy has been fuelled by new investment, including many large projects. However, investment has suffered since the recession. When these enhancements are combined with the Job Creation Tax Cut, Alberta will be the most tax competitive place for new investment in Canada, and among the most competitive in North America.

### **Low Taxes for All Industries**

With the Job Creation Tax Cut and enhancements to CCA rates, Alberta will return to a low-rate, broad-based corporate tax system that rewards success in all sectors and puts decisions in the hands of the private sector, not government. As such, the Alberta Investor Tax Credit, the Community Economic Development Corporation Tax Credit and the Capital Investment Tax Credit, all of which were introduced by the previous government on a temporary basis until 2021-22, are being eliminated ahead of schedule. The Interactive Digital Media Tax Credit and the Scientific Research and Experimental Development Tax Credit (SR&ED) are being eliminated as well.

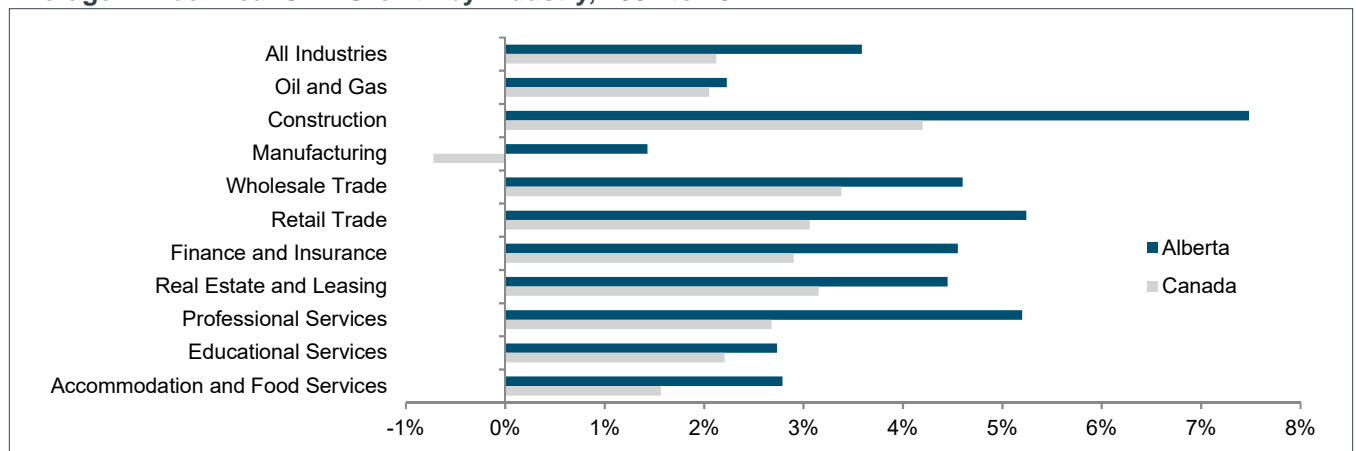
In contrast to targeted tax credits, the corporate tax rate reductions and enhanced CCA rates create a competitive environment for all industries to grow and succeed. These measures provide a much greater boost to overall business competitiveness than existing tax credits. It is estimated that over 100,000 Alberta corporations will benefit from the Job Creation Tax Cut, as opposed to approximately 1,500 corporations that would have benefited from the five targeted tax credits.

Lower corporate tax rates encourage diversification by supporting growth in all sectors of the economy.

A low-rate, broad-based approach has long been advocated by leading economists and tax experts, and has served Alberta well in the past. For example, from 2001 to 2014, Alberta, unlike other provinces, followed a low-rate, broad-based corporate tax approach. During this period, Alberta led all provinces in growth across nearly every industry sector, with growth in non-resource sectors generally outpacing growth in the resource sector. Further, when looking at more recent data, it is clear that many non-resource sectors pay a higher share of corporate taxes compared to their direct contribution to the economy as measured by GDP (see chart at the top of the following page). This means that the benefits of the tax cuts will be even more meaningful to non-resource sectors and will create more of an incentive for these sectors to grow in Alberta. Ultimately, the low-rate, broad-based approach will encourage sustainable diversification of Alberta's economy that is not dependent on government handouts.

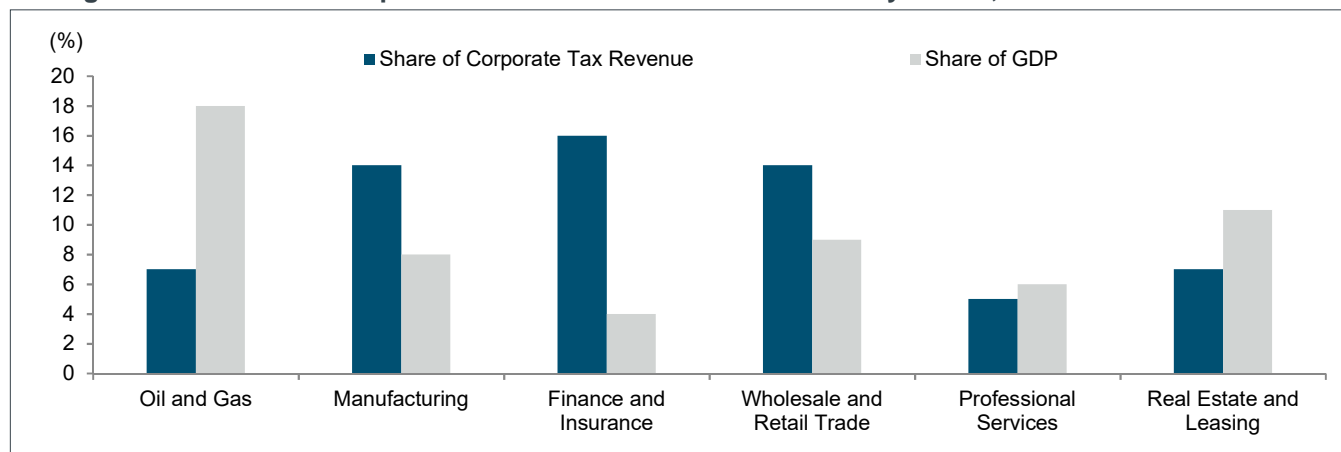
The low-rate, broad-based approach also supports innovation. Upfront tax credits such as the SR&ED credit create an incentive for businesses to undertake the initial research in a jurisdiction, but they do not provide a strong incentive to commercialize successful research in that jurisdiction – a part of the process that can result in significant economic activity and benefits. Research shows that taxation on the rewards of innovation matters a great deal, and that the federal government already provides generous supports for research and development.

**Average Annual Real GDP Growth by Industry, 2001 to 2014**



**Sources:** Statistics Canada and Alberta Treasury Board and Finance

## Average Share of Alberta Corporate Tax Revenue and Nominal GDP by Sector, 2014-15 to 2018-19



**Sources:** Statistics Canada and Alberta Treasury Board and Finance  
Nominal GDP is on a calendar year basis for 2014 to 2018

This approach to corporate taxation is unique within Canada and will make Alberta the best province in which to develop and commercialize new products and services, helping to drive new economic growth and opportunities.

Targeted tax credits also come with red tape, which makes them a relatively inefficient way to deliver benefits to business. The application process for some tax credits involves multiple steps and can take over a year before an application results in a payment by government. In contrast, the Job Creation Tax Cut and enhancements to the CCA regime are implemented within existing tax filing processes with no additional compliance or administrative burden.

The SR&ED credit will be eliminated starting in 2020, with expenses incurred after December 31, 2019 no longer eligible. For the other targeted credits, no new approvals will be granted after October 24, 2019. Businesses already approved under the Alberta Investor Tax Credit or the Community Economic Development Tax Credit have until December 31, 2019 to raise capital for these credits. Corporations and individuals will still be able to claim any unused credits, where applicable.

Eliminating these five tax credits will reduce Alberta's tax expenditures by over \$400 million by 2022-23, supporting the government's commitment to bring spending to more affordable levels.

### Small Business

The government is also committed to creating an environment where small businesses and their owners can succeed. This includes eliminating Alberta's carbon tax while maintaining the small business rate at 2 per cent, which was lowered to help offset the additional costs the carbon tax imposed on Alberta's

small businesses. This is estimated to provide \$195 million in savings to small businesses in 2019-20. With a rate of 2 per cent, Alberta is tied for the second-lowest small business rate among provinces. However, when all taxes are taken into consideration, Alberta small business owners are better off than they would be in any other province.

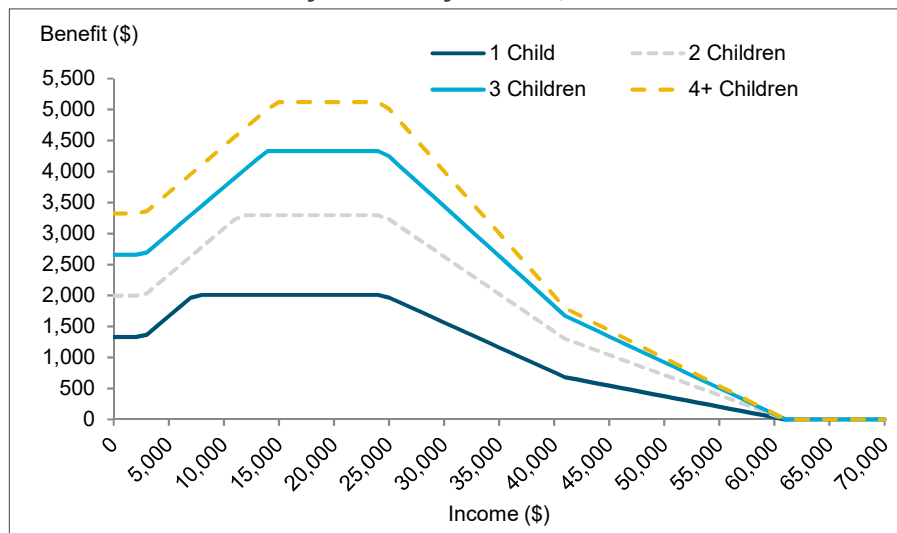
The Job Creation Tax Cut and enhancements to the CCA regime also help small businesses, as a stronger economy lifts the prospects for all businesses. In addition, about 75 per cent of businesses that benefit from the general rate reductions also benefit from the small business rate, meaning that these small businesses can grow without high corporate tax rates punishing their success.

## Supporting the Most Vulnerable with the New Alberta Child and Family Benefit

The Alberta Family Employment Tax Credit (AFETC) and the Alberta Child Benefit (ACB) provide eligible families as much as \$4,998 annually.

To focus benefits on Albertans most in need, and to streamline administration, the government will replace these two programs with a single program, the new Alberta Child and Family Benefit (ACFB), beginning in July 2020. The ACFB will focus dollars more effectively on families with lower incomes, with many lower-income families receiving higher benefits compared to the old programs. Under the new ACFB, a family with two children can receive up to \$593 more per year, while a family with four children can receive up to \$889 more per year.

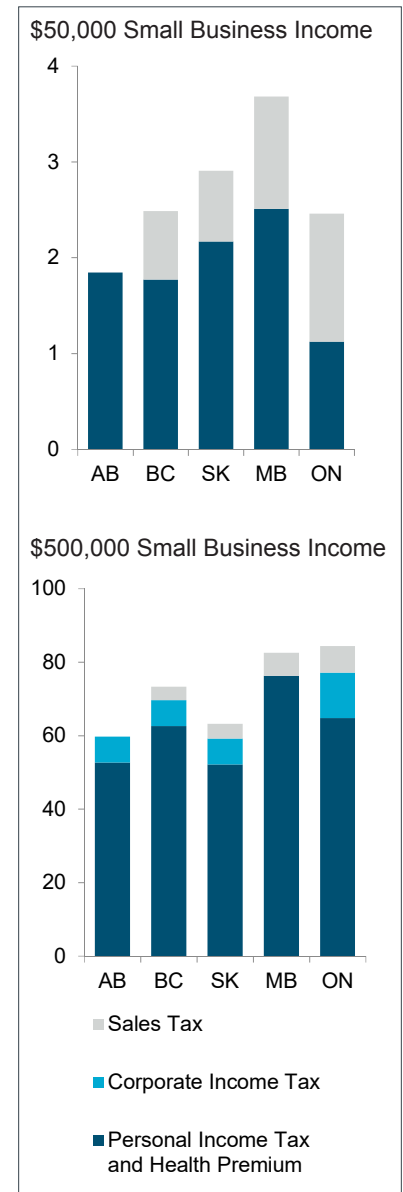
**Alberta Child and Family Benefit by Income, 2020-21**



**Source:** Alberta Treasury Board and Finance

\* Working component benefits are phased in on family working income. Base component and working component benefits are both phased out on family net income.

**Provincial Tax Paid by Small Business Owners, 2019**  
(thousands of dollars)



**Source:** Alberta Treasury Board and Finance

\* Small business income is before compensation is paid to the owner.  
\* Assumes that the owner is paid a salary until RRSP contributions are maximized, with any remainder taken as dividends.



### Alberta Child and Family Benefit Program Parameters, 2020-21

Program Parameters	Base Component	Working Component
<b>Benefit amounts</b>		
1 child	\$1,330	\$681
2 children	\$1,995	\$1,301
3 children	\$2,660	\$1,672
4 or more children	\$3,325	\$1,795
<b>Income phase-in threshold</b>	N/A	\$2,760
<b>Phase-in rate</b>	N/A	15.00%
<b>Phase-out rates</b>		
1 child	8.05%	3.40%
2 children	12.07%	6.49%
3 children	16.09%	8.34%
4 or more children	20.11%	8.95%
<b>Phase-out threshold</b>	\$24,467	\$41,000

**Source:** Alberta Treasury Board and Finance

\* Working component benefits are phased in on family working income. Base component and working component benefits are both phased out on family net income.

Alberta families most in need will receive 15% more in benefits under the ACFB.

The ACFB includes both a base component and a working component, with combined benefits increasing to a maximum of \$5,120. The maximum base component ranges from \$1,330 to \$3,325, depending on the number of children, an increase of 15 per cent compared to the former ACB. The base component will begin to phase out once family net income exceeds \$24,467, and will be fully phased out when family net income exceeds about \$41,000.

Families will also be eligible for the working component once their family employment income exceeds \$2,760. The maximum working component will range from \$681 to \$1,795, depending on the number of children in the family. This component will be phased in at a rate of 15 per cent. As families work more, they receive more benefits, encouraging them to join or remain in the workforce. When family net income exceeds \$41,000, this component will begin to phase out, and will be fully phased out once family net income reaches about \$61,000.

The ACFB will be paid quarterly, in August, November, February and May. ACFB amounts are non-taxable and will not affect eligibility for other benefit programs.

These changes, which better support lower-income families and implement a more streamlined approach, will see Alberta continue to have some of the most generous child benefits in the country. The new program is estimated to deliver about \$290 million in benefits to over 190,000 families on a full-year basis.

## Reducing Tax Expenditures

The government has made a commitment to get Alberta's spending back under control and better aligned with other provinces. This includes looking at spending undertaken through the tax system, also known as tax expenditures, to ensure that it is properly targeted, affordable and aligned with similar supports provided in other provinces.

The government will reduce tax expenditures to better align Alberta with other provinces.

### Pausing Indexation

Alberta's basic personal and spousal amounts are \$19,369 in 2019, 20 per cent higher than the next-highest province. Most other non-refundable tax credits are also higher than those in other provinces. Annual indexing increases these amounts automatically every year, resulting in a significant annual tax expenditure for government.

With the need to control spending, continuing to index these benefits is unaffordable for the time being. As a result, Alberta will pause the indexation of non-refundable tax credits and tax bracket thresholds, with the 2019 amounts carried forward for the 2020 and future tax years. Alberta will resume indexing the tax system once economic and fiscal conditions can support it. This measure is estimated to reduce tax expenditures by about \$20 million in 2019-20, \$98 million in 2020-21 and \$196 million in 2021-22. In total, this measure is expected to save over \$600 million by the end of 2022-23.

### Basic Personal and Spousal Amounts by Province, 2019

Province	AB	BC	SK	MB	ON	QC	NB	NS	PE	NL
Basic personal amount (\$)	19,369	10,682	16,065	9,626	10,582	15,269	10,264	8,481	9,160	9,414
Spousal amount (max. \$)	19,369	9,147	16,065	9,134	8,985	15,269	8,716	8,481	7,780	7,692

\* Other provinces' amounts known as of October 4, 2019.

\* In Quebec, unused tax credits may be transferred from one spouse to another after accounting for non-refundable tax credits in the calculation of the individual's income tax.

Even with the pause to indexation, Albertans will continue to pay the lowest overall taxes in Canada for the foreseeable future. Further details on Alberta's non-refundable tax credit block, income tax bracket thresholds and total taxes paid by Albertans are available in the Annex.

### Education and Tuition Tax Credits

Alberta's generous education and tuition tax credits stand out as a significant outlier compared to what other provinces provide. To reduce tax expenditures and to better align overall post-secondary funding with amounts provided in other provinces, Alberta will eliminate its education and tuition tax credits beginning with the 2020 tax year. These changes also align with recent changes in Ontario and Saskatchewan. Alberta students will still be able to claim amounts earned prior to 2020.

These measures are estimated to reduce tax expenditures by \$20 million in 2019-20, \$90 million in 2020-21 and \$115 million in 2021-22.

## Tourism Levy

Short-term rentals (STRs) offered through online marketplaces, such as Airbnb, HomeAway, and Vacation Rental by Owner (VRBO), are an increasingly popular accommodation option in Alberta. While the province applies a tourism levy of 4 per cent on most types of temporary accommodation rentals, the levy was not designed with STRs in mind. As a result, the operators of STRs listed on online marketplaces are generally not required to charge the tourism levy when they rent out their properties. This gives these operators an unfair advantage over hotels and other accommodation providers that are subject to the levy.

The government intends to bring forward legislation in spring 2020 to level the playing field among temporary accommodation providers. To facilitate the collection of the tourism levy from STR operators, online marketplaces will be authorized to collect and remit the levy to government on their behalf. Government will work with online marketplaces to implement this change.

## Protecting Public Health

### Tobacco Tax

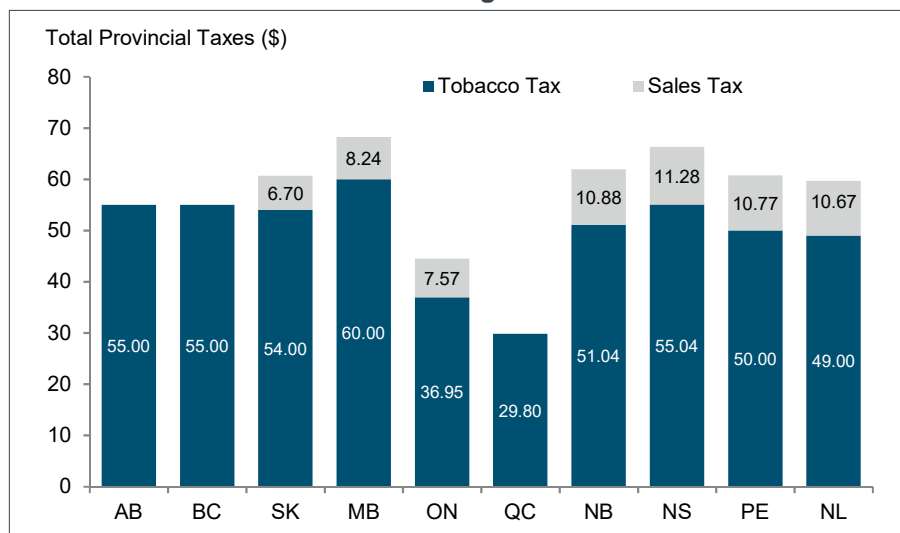
Tobacco taxes continue to be an important part of Alberta's strategy to reduce tobacco use. Tobacco taxes decrease the affordability of tobacco products, encouraging users to quit and deterring non-users from ever starting. This is particularly true for young people, who are more responsive to the cost of tobacco products.

To further deter tobacco use, and so tax rates keep up with inflation, the tax on a carton of 200 cigarettes will be increased \$5 to \$55 per carton effective 12:01 a.m. on October 25, 2019. With this increase, Alberta's tax rate on cigarettes will become more comparable to the rates in neighbouring provinces.

To maintain parity among tobacco products and to prevent users from shifting their consumption to different products for tax-based reasons, the tax on other products will be increased by the same proportion. The tax on loose tobacco will rise 3.75 cents to 41.25 cents per gram. Similarly, the tax rate applied to cigars will be increased from 129 per cent to 142 per cent of the taxable price of the cigar, with the minimum and maximum tax per cigar increased to 27.5 cents and \$8.61, respectively.

These changes are estimated to generate \$45 to \$55 million per year in additional revenue.

## Provincial Taxes Per Carton of 200 Cigarettes



**Sources:** Statistics Canada and Alberta Treasury Board and Finance

\* Alberta's tax rate reflects the rate increase on October 25, 2019. Other provinces' tax rates known as of October 4, 2019.

\* Sales tax amounts are calculated using a 12-month average retail price for a carton of cigarettes in Canada (September 2018 to August 2019).

## Vaping Products

In alignment with Alberta's strategy to reduce tobacco use, government also intends to implement a tax on vaping products to reduce youth access to this rapidly growing market. As part of the broader government review of tobacco, tobacco-like and vaping products, government will explore the best approaches for implementing a tax on vaping products, with more details to come in the 2020 budget.

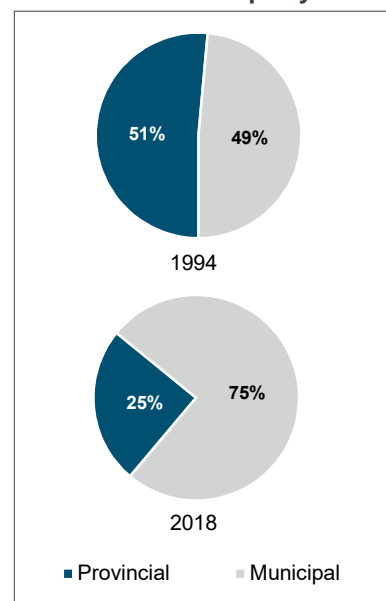
If revenue is comparable to that of U.S. jurisdictions, the revenue from this new tax is expected to be low, likely under \$10 million annually. However, taxing these products is an important tool to discourage youth from taking up vaping, as youth are more responsive to higher prices.

## Education Property Tax

The education property tax provides Alberta's education system with a stable and sustainable source of revenue. The tax supports all public and separate school students and helps pay for instructional costs including teacher salaries, textbooks and other classroom resources.

Education property tax rates will be frozen in 2019-20. The residential/farmland rate will remain at \$2.56 per \$1,000 of equalized assessment, while the non-residential rate will remain at \$3.76. While rates are frozen, revenue from the tax will rise 1.7 per cent due to a growing assessment base. Education property tax revenue will fund about 30 per cent of education operating costs.

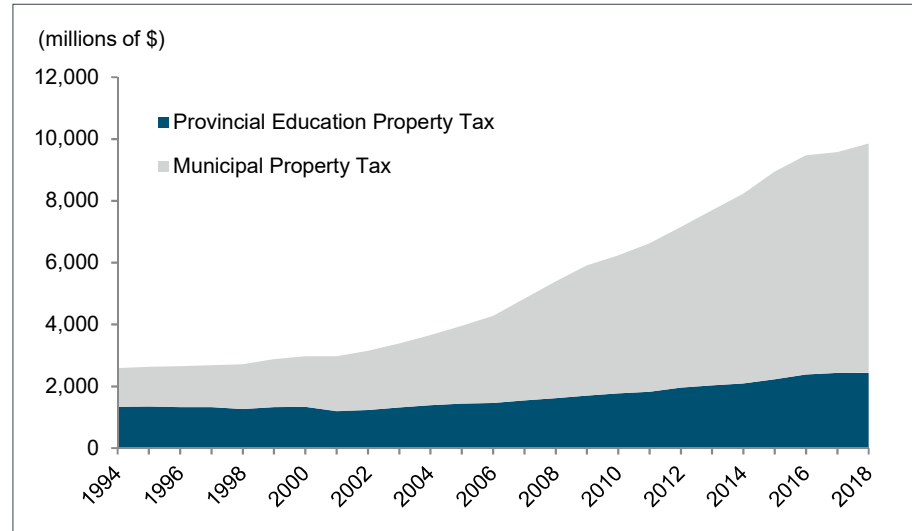
## Distribution of Property Tax



**Sources:** Alberta Treasury Board and Finance and Alberta Municipal Affairs

Government continues to take a lower share of revenue from the property tax base than municipalities. Since government assumed responsibility for education property tax in 1994, the province's share of total provincial-municipal property tax revenue collected fell from 51 per cent to 25 per cent in 2018.

### Provincial and Municipal Property Tax Revenue, 1994 to 2018



Sources: Alberta Treasury Board and Finance and Alberta Municipal Affairs

## Other Measures

### Dividend Tax Credit

Income earned through corporations and then paid out to shareholders is taxed twice, once at the corporate level and again at the personal level in the hands of shareholders. The dividend tax credit integrates the corporate and personal income tax systems by offsetting corporate taxes that have already been paid on the income from which the corporation distributes dividends, eliminating the double taxation of this income.

The dividend tax credit rate for dividends paid out of income taxed at the general corporate income tax rate (eligible dividends) will be adjusted on January 1, 2021 and then again on January 1, 2022, corresponding with the legislated reductions to the general corporate income tax rate. These adjustments will ensure that the combined corporate and personal income tax paid on dividend income approximately equals the individual's personal tax rate.

## **Transforming Support for Alberta's Film Industry**

Government recognizes the contributions of Alberta's film industry to Alberta culture, and has supported it through a grant program for many years. To fulfill its platform commitment, the government will transform the way support is currently provided to Alberta's film industry by issuing payments through the income tax system, beginning in spring 2020. The Ministry of Economic Development, Trade and Tourism will be responsible for managing approvals and will issue certificates to approved corporations, who will then include those certificates when filing their taxes.

Paying out these benefits through the tax system aligns Alberta's payment mechanism with those in other provinces. Eligible companies will be able to receive assistance worth 22 per cent of eligible expenditures, to a maximum payment of \$10 million. More details will be available when the legislation and regulations are brought forward.

Funding will continue to be capped. Due to the fiscal situation and the over-subscription of the grant program from previous years, funding under the new program is expected to be \$15 million in 2020-21, \$30 million in 2021-22 and \$45 million in 2022-23.

## **Canada Workers Benefit**

The Canada Workers Benefit (CWB) replaced the Working Income Tax Benefit (WITB) in 2019. This federal refundable tax credit provides tax relief for lower-income working individuals and families. As the federal government did with the WITB, it allowed provinces to reconfigure the CWB to better align with provincial programs and priorities.

Alberta will reconfigure the CWB, similar to how the province reconfigured the WITB. Specifically, the reconfiguration will:

- Align the phase-in income level with the Income Support (IS) earnings exemption threshold (\$2,760) to help offset the impact of Alberta IS benefits being clawed back as a recipient's employment income rises.
- Shift slightly more benefits to single individuals without children, recognizing that the Alberta Child and Family Benefit will continue to provide some of the most generous benefits in the country to lower- and middle-income families with children.





# Tax Plan Annex



## Alberta Non-Refundable Tax Credit Block

(dollars)

	2018		2019 and 2020	
	Maximum Amount	Reduction in Alberta Tax	Maximum Amount	Reduction in Alberta Tax
Basic personal amount	18,915	1,892	19,369	1,937
Spousal amount	18,915	1,892	19,369	1,937
Eligible dependant amount	18,915	1,892	19,369	1,937
Age amount	5,271	527	5,397	540
Infirm dependant amount	10,949	1,095	11,212	1,121
CPP contributions	2,594	259	2,668	267
EI premiums	858	86	860	86
Pension income amount	1,456	146	1,491	149
Disability amount	14,590	1,459	14,940	1,494
Disability supplement	10,949	1,095	11,212	1,121
Adoption expenses	12,936	1,294	13,247	1,325
Medical expenses	Variable	Variable	Variable	Variable
Medical expenses (other dependants)	Variable	Variable	Variable	Variable
Caregiver amount	10,949	1,095	11,212	1,121
Interest on student loans	Variable	Variable	Variable	Variable
Donations and gifts				
first \$200	200	20	200	20
over \$200	75% of income	Variable	75% of income	Variable

\* In general, credit amounts are multiplied by 10% to arrive at the reduction in Alberta tax. In the case of total donations and gifts over \$200, the credit rate is 21%.

## Alberta Personal Income Tax Brackets

Income Bracket		Tax Rate (%)
2018	2019 and 2020	
Up to \$128,145	Up to \$131,220	10
\$128,145.01 to \$153,773	\$131,220.01 to \$157,464	12
\$153,773.01 to \$205,031	\$157,464.01 to \$209,952	13
\$205,031.01 to \$307,547	\$209,952.01 to \$314,928	14
\$307,547.01 and up	\$314,928.01 and up	15

## 2019 Tax Expenditure Estimates

(millions of dollars)

### Personal Income Tax

#### Federal Measures Paralleled by Alberta

Workers' compensation payments exemption	24.4
Social assistance payments exemption	10.5
Union and professional dues deduction	47.1
Child care expense deduction	61.4
Flow-through share deduction	14.6
Capital gains inclusion rate (50%)	413.6
Lifetime capital gains exemption	144.1
Security options deduction	48.3
Northern residents deduction	36.1

#### Provincial Measures

Basic personal amount	4,714.4
Spousal amount	322.1
Eligible dependant amount	97.1
Age amount	111.5
Pension income amount	50.3
Caregiver amount	22.4
Disability amount	55.6
Disability amount transferred from a dependant	49.0
Interest paid on student loans	3.4
Tuition and education amounts	147.8
Tuition and education amounts transferred from a child	32.2
Amounts transferred from a spouse or common-law partner	27.5
Medical expenses	78.4
Donations and gifts	294.0
Political contributions tax credit	6.5

### Corporate Income Tax

Small business rate	1,745.0
Donations and gifts	35.0
Capital Investment Tax Credit (CITC)	26.5
Alberta Investor Tax Credit (AITC)	12.7

### Fuel Tax

Tax Exempt Fuel User program (marked fuel for off-road use)	229.0
Alberta Farm Fuel Benefit (marked fuel)	68.5
Reduced rate for locomotive fuel	23.5
Exemption for aviation fuel used on international flights	4.5

### Transfers Through the Tax System<sup>a</sup>

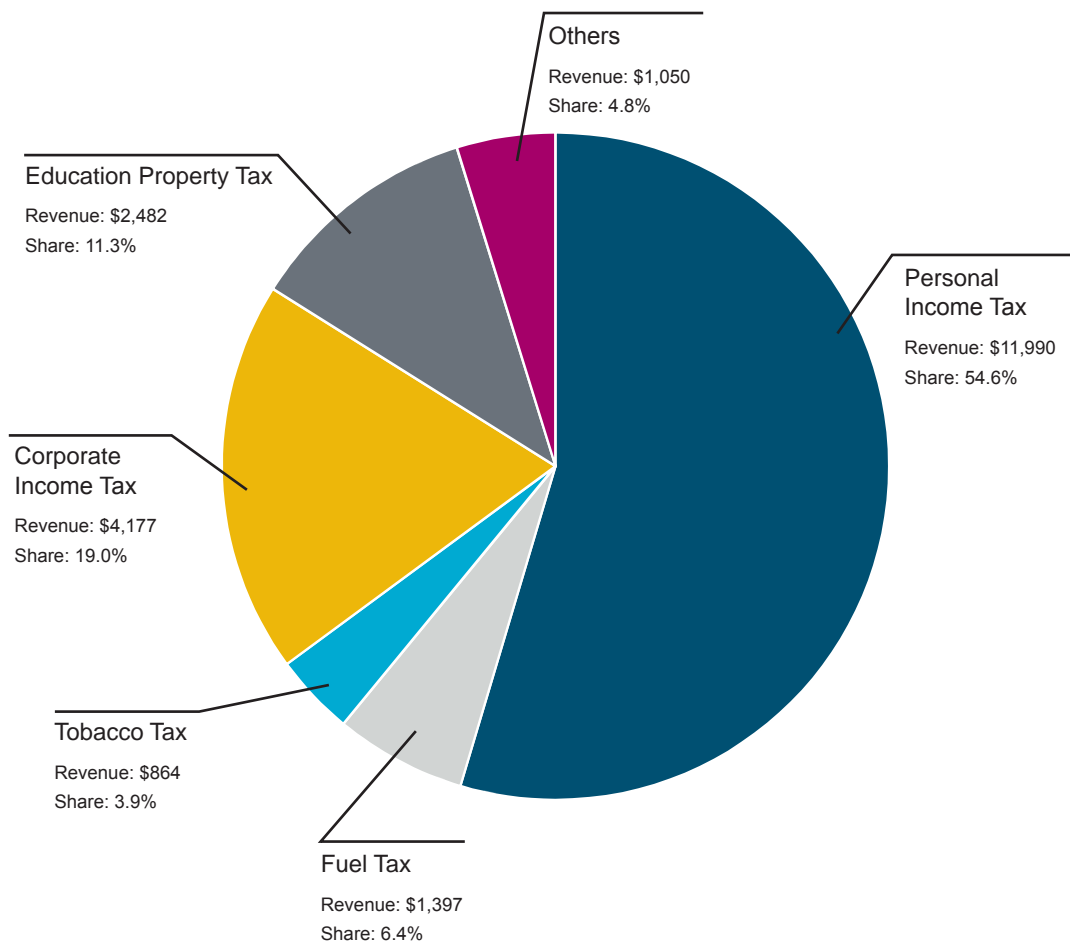
Alberta Family Employment Tax Credit (AFETC)	161.0
Alberta Child Benefit (ACB)	179.0
Alberta Climate Leadership Adjustment Rebate (ACLAR)	180.0
Alberta Investor Tax Credit (AITC)	11.1
Scientific Research and Experimental Development (SR&ED) Tax Credit	50.0
Interactive Digital Media Tax Credit (IDMTC)	12.3

\* Generally, estimates cannot be added together to determine the fiscal impact of concurrently eliminating multiple tax expenditures.

\* Personal income tax expenditures are reported on a calendar year basis. The remaining expenditures are reported on a fiscal year basis.

<sup>a</sup> Transfers through the tax system are reported in ministries' operating expense. Amounts for the AFETC, ACLAR, and SR&ED are reported by Treasury Board and Finance. The amount for the ACB is reported by Children's Services and the amounts for the AITC and the IDMTC are reported by Economic Development, Trade and Tourism.

2019-20 Tax Revenue



Total Tax Revenue: \$21,960 million

## 2019-20 Tax Revenue Sources

(millions of dollars)

Tax	Total Revenue	Rate	Revenue per Unit
<b>1. Personal Income Tax</b>	<b>11,990</b>		
All taxable income	11,198	10% of all taxable income	1,119.8 per point
Taxable income > \$131,220	792	multiple rates	n/a
<b>2. Corporate Income Tax</b>	<b>4,177</b>		
General	3,787	11.0%	344.3 per point <sup>a</sup>
Small business	390	2.0%	195.0 per point
<b>3. Education Property Tax</b>	<b>2,482</b>		
Residential/farmland property	1,558	\$2.56 / \$1,000 of assessment	608.6 per mill
Non-residential property	924	\$3.76 / \$1,000 of assessment	245.7 per mill
<b>4. Tobacco Tax</b>	<b>864</b>	\$55/carton	16.6 per \$/carton <sup>a</sup>
<b>5. Fuel Tax</b>	<b>1,397</b>		
Gasoline	763	13.0 ¢/litre	58.7 per ¢/litre
Diesel	600	13.0 ¢/litre	46.2 per ¢/litre
Locomotive	17	5.5 ¢/litre	3.2 per ¢/litre
Aviation	13	1.5 ¢/litre	8.9 per ¢/litre
Propane	3	9.4 ¢/litre	0.3 per ¢/litre
<b>6. Carbon Tax<sup>b</sup></b>	<b>175</b>	multiple rates	n/a
<b>7. Freehold Mineral Rights Tax</b>	<b>67</b>	n/a	n/a
<b>8. Insurance Tax</b>	<b>650</b>		
Life, accident, sickness	202	3.0% of premium	67.3 per point
Other	448	4.0% of premium	112.0 per point
<b>9. Tourism Levy</b>	<b>88</b>	4.0%	22.0 per point
<b>10. Cannabis Tax</b>	<b>70</b>	multiple rates	n/a

\* Numbers may not add due to rounding.

<sup>a</sup> As the rates for these taxes changed during the 2019-20 fiscal year, these calculations reflect the average tax rates for the year. The average tax rate is 11 per cent for the general corporate income tax and \$52.17 per carton for tobacco tax.

<sup>b</sup> Alberta's carbon tax was repealed on May 30, 2019. Carbon tax revenue shown in the table reflects the April 1 to May 30, 2019 period.

## Interprovincial Tax Comparison, 2019

(dollars)

	AB	BC	SK	MB	ON	QC	NB	NS	PE	NL
<b>Employment Income of \$35,000 – One Income Couple with Two Children</b>										
Provincial income tax	(2,327)	604	(899)	(144)	(2,708)	(5,326)	546	1,181	1,278	138
Provincial sales tax	-	848	903	1,447	707	951	1,438	2,185	1,998	1,348
Health premium	-	-	-	-	300	-	-	-	-	-
Payroll tax	-	392	-	325	463	1,115	-	-	-	375
Fuel tax & net carbon tax	289	459	450	420	441	576	465	465	330	628
<b>Total</b>	<b>(2,038)</b>	<b>2,303</b>	<b>454</b>	<b>2,048</b>	<b>(797)</b>	<b>(2,684)</b>	<b>2,449</b>	<b>3,831</b>	<b>3,606</b>	<b>2,489</b>
<b>Alberta Tax Advantage</b>		<b>4,341</b>	<b>2,492</b>	<b>4,086</b>	<b>1,241</b>	<b>(646)</b>	<b>4,487</b>	<b>5,869</b>	<b>5,644</b>	<b>4,527</b>
<b>Employment Income of \$75,000 – One Income Couple with Two Children</b>										
Provincial income tax	2,201	3,052	2,688	4,459	3,084	2,243	5,850	6,790	6,375	6,023
Provincial sales tax	-	1,087	1,155	1,845	2,077	2,930	2,707	2,790	2,804	2,817
Health premium	-	900	-	-	600	-	-	-	-	-
Payroll tax	-	841	-	697	993	2,389	-	-	-	803
Fuel tax & net carbon tax	289	846	450	420	441	576	465	465	330	628
<b>Total</b>	<b>2,490</b>	<b>6,726</b>	<b>4,293</b>	<b>7,421</b>	<b>7,195</b>	<b>8,138</b>	<b>9,022</b>	<b>10,045</b>	<b>9,509</b>	<b>10,271</b>
<b>Alberta Tax Advantage</b>		<b>4,236</b>	<b>1,803</b>	<b>4,931</b>	<b>4,705</b>	<b>5,648</b>	<b>6,532</b>	<b>7,555</b>	<b>7,019</b>	<b>7,781</b>
<b>Employment Income of \$100,000 – Two Income Couple with Two Children</b>										
Provincial income tax	4,514	3,514	4,330	6,252	3,581	5,196	6,719	7,464	7,466	6,611
Provincial sales tax	-	1,304	1,366	2,190	2,504	3,468	3,418	3,393	3,393	3,422
Health premium	-	900	-	-	900	-	-	-	-	-
Payroll tax	-	1,121	-	930	1,324	3,186	-	-	-	1,070
Fuel tax & net carbon tax	527	1,193	675	630	662	864	698	698	526	942
<b>Total</b>	<b>5,041</b>	<b>8,032</b>	<b>6,371</b>	<b>10,002</b>	<b>8,971</b>	<b>12,714</b>	<b>10,835</b>	<b>11,555</b>	<b>11,385</b>	<b>12,045</b>
<b>Alberta Tax Advantage</b>		<b>2,991</b>	<b>1,330</b>	<b>4,961</b>	<b>3,930</b>	<b>7,673</b>	<b>5,794</b>	<b>6,514</b>	<b>6,344</b>	<b>7,004</b>
<b>Employment Income of \$200,000 – Two Income Couple with Two Children</b>										
Provincial income tax	12,904	10,746	14,655	18,863	12,356	20,914	19,208	21,439	20,518	19,136
Provincial sales tax	-	2,156	2,212	3,493	4,145	5,629	5,513	5,439	5,470	5,515
Health premium	-	900	-	-	1,350	-	-	-	-	-
Payroll tax	-	2,242	-	1,860	2,648	6,371	-	-	-	2,141
Fuel tax & net carbon tax	797	1,193	675	630	662	864	698	698	526	942
<b>Total</b>	<b>13,701</b>	<b>17,237</b>	<b>17,542</b>	<b>24,846</b>	<b>21,161</b>	<b>33,778</b>	<b>25,419</b>	<b>27,576</b>	<b>26,514</b>	<b>27,734</b>
<b>Alberta Tax Advantage</b>		<b>3,536</b>	<b>3,841</b>	<b>11,145</b>	<b>7,460</b>	<b>20,077</b>	<b>11,718</b>	<b>13,875</b>	<b>12,813</b>	<b>14,033</b>

Calculations are based on other provinces' tax parameters known as of October 4, 2019.

- \* Health premiums are assumed to be borne by individuals. In provinces that impose payroll taxes, 75% is assumed to be borne by employees and 25% by employers.
- \* Fuel tax is based on estimated consumption of 3,000 litres of gasoline per year for one-income families and 4,500 litres of gasoline for two-income families.
- \* Net carbon tax reflects direct costs only and is based on the fuel tax gasoline consumption assumptions and base natural gas consumption of 135 GJ/year for a family of four, adjusted based on provincial home heating consumption patterns. The cap-and-trade systems in Quebec and Nova Scotia, as well as the fuel charge and rebate under the federal carbon pricing backstop, are excluded. The net carbon tax for Alberta reflects the repeal of the carbon tax on May 30, 2019 and the Alberta Climate Leadership Adjustment Rebate (ACLAR) on June 30, 2019.
- \* RRSP/RPP contributions of \$0, \$6,000, \$10,000 and \$25,000 are included in the calculation of personal income tax for the \$35,000, \$75,000, \$100,000 and \$200,000 families, respectively.
- \* For two-income families, income and RRSP/RPP contributions are split 60/40 between the couple.
- \* The children are assumed to be 6 and 12 years old.

## Major Provincial Tax Rates, 2019

		AB	BC	SK	MB	ON	QC	NB	NS	PE	NL
<b>Personal Income Tax</b>											
Statutory rate range											
lowest rate	(%)	10.00	5.06	10.50	10.80	5.05	15.00 <sup>a</sup>	9.68	8.79	9.80	8.70
highest rate	(%)	15.00	16.80	14.50	17.40	13.16	25.75 <sup>a</sup>	20.30	21.00	16.70	18.30 <sup>b</sup>
Surtax	(%)	-	-	-	-	20/36 <sup>c</sup>	-	-	-	10.00	-
Combined federal/provincial											
top marginal rate <sup>d</sup>	(%)	48.00	49.80	47.50	50.40	53.53	53.31	53.30	54.00	51.37	51.30
Personal amount	(\$)	19,369	10,682	16,065	9,626	10,582	15,269	10,264	8,481	9,160	9,414
Spousal amount	(max.\$)	19,369	9,147	16,065	9,134	8,985	15,269 <sup>e</sup>	8,716	8,481	7,780	7,692
<b>Corporate Income Tax</b>											
General rate	(%)	11.0 <sup>f</sup>	12.0	12.0	12.0	11.5	11.6 <sup>f</sup>	14.0	16.0	16.0	15.0
M&P rate	(%)	11.0 <sup>f</sup>	12.0	10.0	12.0	10.0	11.6 <sup>f</sup>	14.0	16.0	16.0	15.0
Small business											
rate	(%)	2.0	2.0	2.0	0.0	3.5	6.0 <sup>f</sup>	2.5	3.0	3.5 <sup>f</sup>	3.0
threshold	(\$000)	500	500	600	500	500	500	500	500	500	500
<b>Capital Tax</b>											
Financial institutions	(max.%)	-	-	4.0	6.0	-	-	5.0	4.0	5.0	6.0
<b>Sales Tax</b>	(%)	-	7.0	6.0	7.0	8.0	9.975	10.0	10.0	10.0	10.0
<b>Taxes on Gasoline<sup>g</sup></b>	(\$/litre)	13.0	23.39 <sup>h</sup>	15.0	14.0	14.7 <sup>i</sup>	19.2 <sup>i,j</sup>	15.5 <sup>i</sup>	15.5 <sup>i</sup>	14.1 <sup>i,k</sup>	20.92 <sup>i,k</sup>
<b>Tobacco Tax</b>	(\$/carton)	55.00	55.00	54.00 <sup>i</sup>	60.00 <sup>i</sup>	36.95 <sup>i</sup>	29.80	51.04 <sup>i</sup>	55.04 <sup>i</sup>	50.00 <sup>i</sup>	49.00 <sup>i</sup>
<b>Payroll Tax</b>	(max.%)	-	1.95	-	2.15	1.95	4.26	-	-	-	2.00

Other provinces' rates and amounts known as of October 4, 2019.

<sup>a</sup> Quebec residents receive an abatement of 16.5% of basic federal tax because of the province's decision to opt out of federal cash transfers in support of provincial programs.

<sup>b</sup> Newfoundland and Labrador residents with taxable income over \$50,000 are also required to pay a Temporary Deficit Reduction Levy of up to \$1,800 in 2019.

<sup>c</sup> Ontario levies a two-tiered surtax, collecting 20% of basic tax in excess of \$4,740 and an additional 36% of basic tax in excess of \$6,067.

<sup>d</sup> The top federal personal income tax rate is 33%, except in Quebec where the top federal rate is 27.56% because of the federal abatement.

<sup>e</sup> After accounting for non-refundable tax credits in the calculation of the individual's income tax, unused tax credits may be transferred from one spouse to another.

<sup>f</sup> Alberta will further reduce its general corporate tax rate by 1 percentage point on January 1 of each year until it reaches 8% in 2022. On January 1, 2020, Quebec will lower its general corporate tax rate to 11.5% and its small business rate to 5%, with a further decrease to 4% on January 1, 2021. PEI will lower its small business rate to 3% on January 1, 2020.

<sup>g</sup> Taxes on gasoline include provincial gasoline and carbon taxes. The cap-and-trade systems in Quebec and Nova Scotia, as well as the fuel charge under the federal carbon pricing backstop, are excluded.

<sup>h</sup> BC's rate includes the 8.89¢/litre carbon tax on gasoline, which will increase to 10¢/litre on April 1, 2020 and then to 11.11¢/litre on April 1, 2021. Additional gasoline tax rates of 12.5¢/litre and 5.5¢/litre are imposed in the greater Vancouver and Victoria areas but are not included in the rate shown.

<sup>i</sup> These provinces apply their PST or the provincial portion of their HST on the retail price of the good inclusive of excise taxes.

<sup>j</sup> An additional tax on gasoline of 3¢/litre is imposed in the Montreal area but is not included in the rate shown.

<sup>k</sup> The rates for PEI and Newfoundland and Labrador include their 4.42¢/litre provincial carbon taxes on gasoline.



BUDGET 2019

GOVERNMENT OF ALBERTA | 2019–23

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# Fiscal Plan Debt



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# Debt

## Historical Context

Persistent deficits during the latter half of the 1980s and into the early 1990s caused a substantial amount of provincial debt to accumulate. But by the end of 2007-08, Alberta had virtually no taxpayer supported debt<sup>1</sup> and more than enough money in a debt retirement account to repay what remained. The province also had combined savings of \$15.1 billion in the Sustainability Fund and Capital Account, plus \$19.6 billion in the Heritage Fund and four other endowment funds.

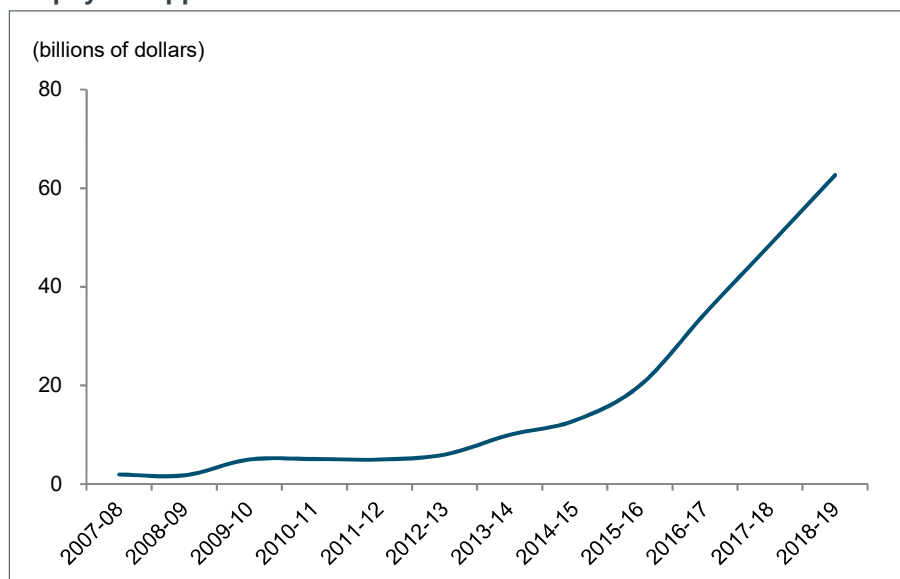
Since then, government recorded deficits in all but one year. That's despite 14 consecutive years of surpluses that began in 1994-95.

In short, Alberta moved from having a relatively small amount of taxpayer supported debt and a surplus of financial assets, to having significant debt and substantially lower assets.

For eight years, from 2000-01 until 2008-09, the only external financing government used for its own needs was through public-private partnership projects (or P3s). By the end of 2008-09, the province had incurred \$892 million in liabilities related to P3s. In 2009-10, government began once again to incur debt, borrowing \$2.6 billion that year: \$1.5 billion for capital spending and \$1.1 billion to repay a liability to the Teachers' Pension Plan. Debt and P3 liabilities grew slowly until 2012-13, when taxpayer supported debt totaled \$6 billion. In the next two years, the debt grew faster and reached \$13 billion by the end of 2014-15.

<sup>1</sup> Taxpayer supported debt is debt whose payments come from tax and other provincial revenues. It is calculated by adding total outstanding debt and P3 obligations and then subtracting the amount of debt issued for financing self-supporting provincial corporations and government business enterprises.

### Taxpayer Supported Debt



The primary use for this borrowing was to help finance capital projects. Operating deficits were funded by money saved during the 2000s into what eventually became the Contingency Account<sup>2</sup>. At this time, Alberta still had more financial assets than liabilities.

In the last four years, large budget deficits and aggressive capital spending rapidly expanded Alberta's taxpayer supported debt by almost \$50 billion, roughly three times the size of the Heritage Fund. In December 2016, all of the money in the Contingency Account was exhausted and government again needed to borrow to pay operating expenses.

By the end of 2016-17, the province had net financial liabilities instead of net financial assets. Continued borrowing in the following two years increased debt further. By the end of 2018-19, taxpayer supported debt totaled \$62.7 billion.

Alberta is fortunate to continue to have substantial financial assets, including the Heritage Fund. While the purpose of these investments is not to pay down debt, credit rating agencies and investors will often net these assets against taxpayer supported debt when looking at Alberta's creditworthiness.

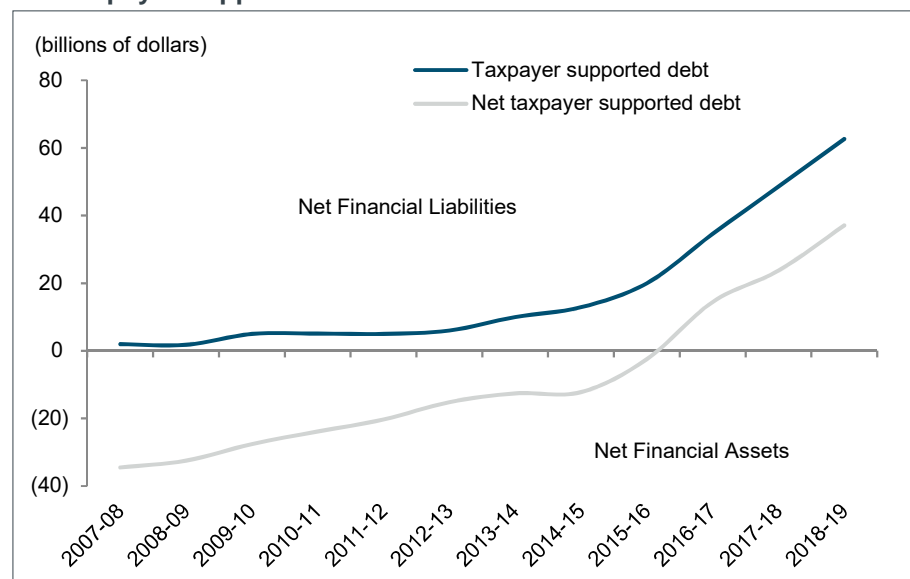
This measure, referred to as net taxpayer supported debt, is calculated as taxpayer supported debt less the value of financial assets. Similar to taxpayer supported debt, net taxpayer supported debt has risen significantly.

At the end of the 2007-08 fiscal year, government had \$34.5 billion more financial assets than taxpayer supported debt. Financial assets included money in the Sustainability Fund, the Capital Account and the Debt Retirement Account, as well as investments in the Heritage Fund and other provincial endowments<sup>3</sup>. However, the total value of these assets declined as government

<sup>2</sup> In 2009-10, the Capital Account was merged into the Sustainability Fund. In 2013-14, the Sustainability Fund became the Contingency Account.

<sup>3</sup> Alberta's other endowment funds are the Alberta Heritage Foundation for Medical Research Endowment Fund, the Alberta Heritage Scholarship Fund, the Alberta Heritage Foundation for Science and Engineering Research Endowment Fund and the Alberta Cancer Prevention Legacy Fund.

## Net Taxpayer Supported Debt



withdrew money in the Contingency Account (and its predecessors) to help finance capital spending, and eventually, operating deficits.

On March 31, 2019, Alberta's net taxpayer supported debt was \$37.1 billion. This is calculated by deducting \$25.6 billion in asset value from \$62.7 billion of taxpayer supported debt. Financial assets include the Heritage Fund (\$16 billion) and the other four endowment funds (combined value \$4.6 billion) and a \$5 billion cash reserve.

Lenders and credit rating agencies paid substantial attention to how much Alberta was borrowing and the rapid pace of growing debt. Alberta's credit rating dropped from AAA to A+ at S&P Global, from Aaa to Aa1 at Moody's Investors Service, and from AAA to AA at DBRS.

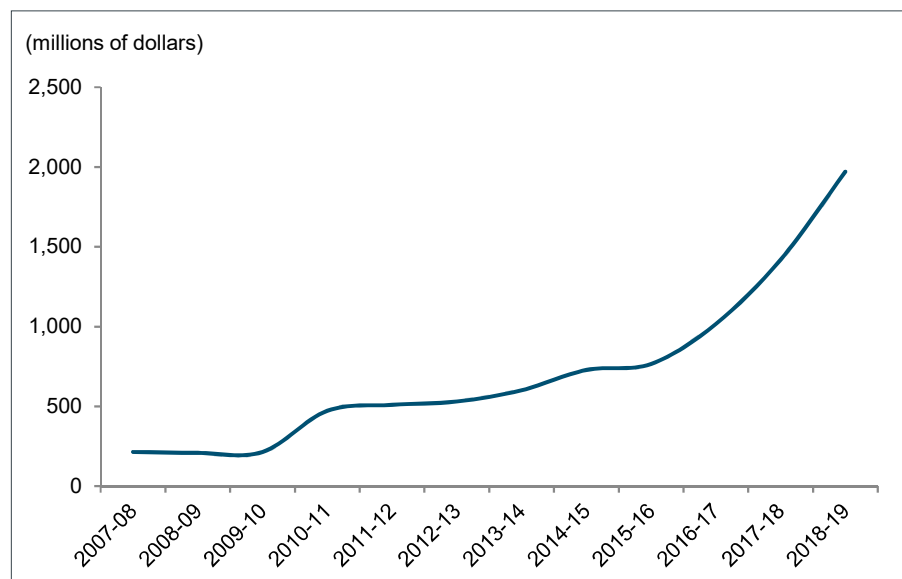
During the last four years, Alberta's borrowing costs increased compared to other provinces. As an example, at the end of September 2014 Alberta's borrowing costs for 10-year debt were 0.20 per cent lower than Ontario's borrowing costs. However, the rapidly growing debt caused relative borrowing costs to worsen over time. At its peak in May 2016, Alberta's 10-year borrowing cost was 0.17 per cent higher than Ontario's. At the end of March 2019, Alberta's cost was 0.03 per cent higher.

An increase of 0.20 per cent or 0.25 per cent may not seem like much, but it is quite significant when borrowing billions of dollars. Fortunately, the general level of interest rates were, and are, at historically low levels.

Due to the rapid increase in debt, interest payments, or debt service costs<sup>4</sup>, also rose significantly in the last 10 years.

<sup>4</sup> Debt service costs, unless otherwise noted, are shown here and on the province's financial statements on a consolidated basis. As such, the calculation includes interest on taxpayer supported debt as well as interest on the debt of self-supporting provincial corporations. Interest paid by government business enterprises is not included.

## Debt Service Costs

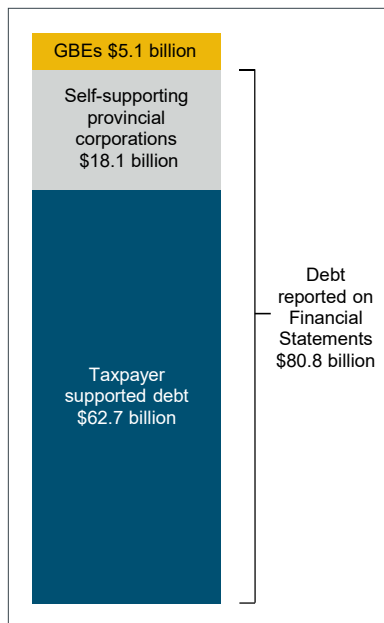


In 2007-08, total debt service costs were \$208 million, or 0.6 per cent of total revenues. That went up to \$728 million in 2014-15, representing 1.5 per cent of total provincial revenues.

During 2018-19, the province paid \$2.0 billion in consolidated debt service costs. This amount includes \$1.5 billion of interest paid on taxpayer supported debt, which is equal to 3.1 per cent of total revenues. Spending to pay the interest on outstanding taxpayer supported debt in 2018-19 was greater than the budgets of all but four departments (Health, Education, Advanced Education, and Community and Social Services).

Under the previous government's plan, taxpayer supported debt was forecast to rise to \$97.1 billion by the end of 2022-23. Under the new fiscal plan, debt will rise at a much slower pace. This will lower taxpayer supported debt to \$93.2 billion at the end of 2022-23. Reducing the amount borrowed and the interest that needs to be paid means more provincial revenues can be used to support program spending. When the budget is balanced in four years, government will develop a plan to repay debt.

#### Composition of Alberta Debt March 31, 2019



## Provincial Debt Outstanding

On March 31, 2019, Alberta had \$85.9 billion in total debt outstanding. This includes all debt issued by the Province of Alberta, money borrowed directly by the Alberta Capital Finance Authority, and P3 contracts.

Of the total, \$5.1 billion is lent to government-business enterprises (or GBEs). GBEs' debt is listed on their financial statements and is not consolidated with provincial debt on the province's financial statements. The remainder of \$80.8 billion is shown in government's consolidated statement of financial position. It is comprised of \$62.7 billion in taxpayer supported debt and \$18.1 billion in loans to self-supporting provincial corporations.

The province borrows money for a number of reasons: to support its fiscal and capital plans, to manage short-term cash movements, to build and maintain its cash reserve and to lend money to various provincial corporations. These provincial corporations include two self-supporting lending organizations, the Alberta Capital Finance Authority<sup>5</sup> and the Agriculture Financial Services Corporation. It also includes three government business enterprises: ATB Financial, the Alberta Petroleum Marketing Commission and the Balancing Pool. These five corporations have income producing assets used to make payments on the debt, so their debt is not considered part of taxpayer supported debt.

Management of the debt aims to minimize interest costs while prudently managing interest rate, refinancing, liquidity and other risks.

There are three key strategies. Maintaining access to multiple markets reduces interest costs and enhances liquidity. And managing the maturities of the debt

<sup>5</sup> It is proposed in budget legislation that the Alberta Capital Finance Authority (ACFA) be dissolved. The program of providing low cost loans to local authorities will be continued by the province. The assets and liabilities of ACFA will be transferred to the province. Existing and new loans will continue to support the debt incurred to finance them.

minimizes the amount of debt maturing in any year. This second strategy reduces refinancing risk and interest rate risk. Liquidity risk is reduced by holding a prudent amount of cash needed to meet expected near-term cash flows. This also helps to avoid issuing debt in unfavourable market conditions.

The province uses both short-term debt (maturity in one day to one year) and long-term debt (maturity in one year and more). As of March 31, 2019, outstanding short-term debt was \$7.5 billion, and outstanding long-term debt was \$75.5 billion. The province also had \$2.9 billion in P3 liabilities at that time.

The province issues short-term debt for two purposes. First, short-term debt is often issued for roughly one to 15 days to manage fluctuating cash balances. Second, short-term debt is often issued and re-financed regularly upon maturity to mimic debt with a floating interest rate. This method of achieving a floating interest rate exposure is typically more cost-effective than issuing floating rate bonds. About 60 per cent of outstanding short-term debt is used to meet the financing needs of provincial corporations.

Long-term debt is raised in Canadian and global capital markets through the sale of bonds to investors, including pension funds, insurance companies, banks and other institutional investment managers.

Selling bonds is less costly and more flexible than other forms of long-term borrowing, such as bank loans. Bonds typically have a fixed interest rate, but bonds with a floating interest rate can also be issued. Payments before the maturity of the bond are most often interest-only payments, leaving the entire principal amount, or par value, to be repaid on the bond's maturity date. The province uses long-term debt for most of its financing requirements and those of provincial corporations.

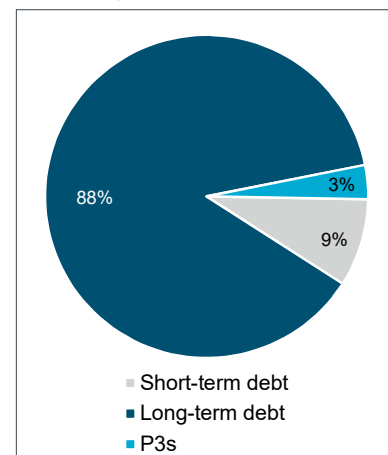
Government borrows from multiple markets across the globe to lower costs and maintain strong access to liquidity.

While most long-term debt is issued in Canadian markets, the province has a target to issue between 30 per cent and 40 per cent of long-term debt in foreign markets, depending on market conditions. It is important to note that government takes no currency-related risks when issuing debt in foreign currencies<sup>6</sup>.

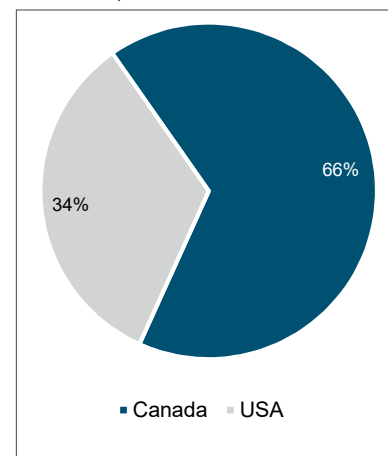
Short-term debt is issued in both Canada and the United States, while long-term debt is issued in Canada and other markets. Provincial debt has been issued in seven different foreign currencies to date (American dollars, Euros, British pounds, Australian dollars, Swiss francs, Swedish krona and South African rand). The province will also look at issuing debt in other currencies if it reduces borrowing costs. Investors around the world buy Alberta's debt, regardless of currency.

<sup>6</sup> The primary reason for this policy is that movements in the value of the Canadian dollar tend to be strongly correlated with the price of oil. When the price of oil goes down, typically the value of the Canadian dollar also goes down. The province's revenues and economic health are also strongly correlated with oil prices. Falling oil prices that result in a falling Canadian dollar would cause Alberta's foreign debt to be more expensive in Canadian dollars at the same time that the province's revenues have declined.

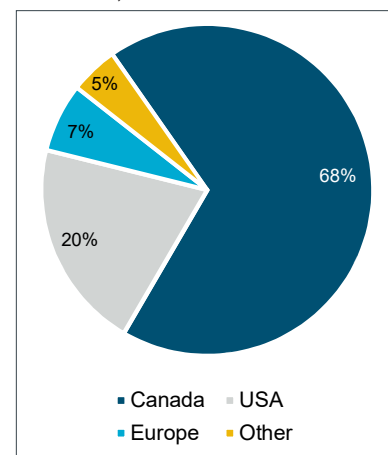
**Composition of Alberta Debt**  
March 31, 2019



**Short-Term Debt by Market**  
March 31, 2019

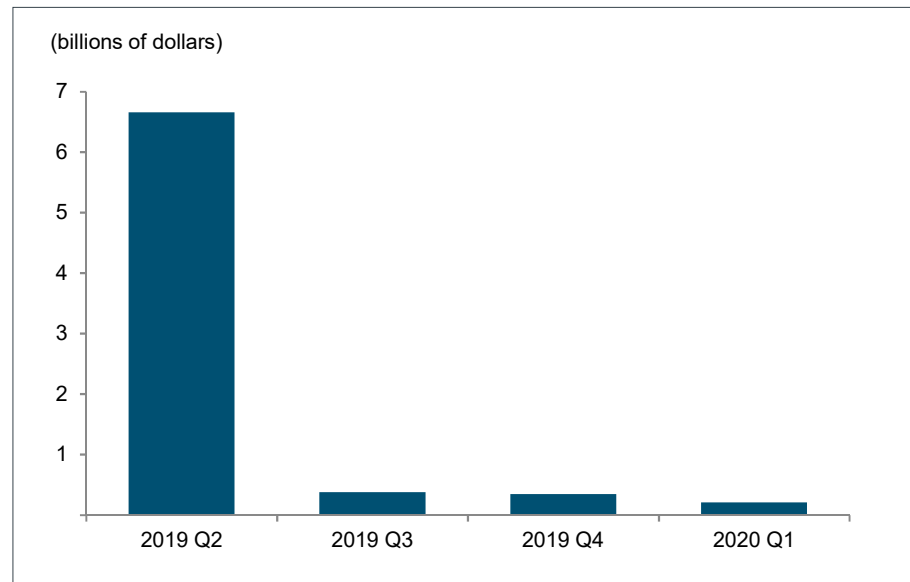


**Long-Term Debt by Market**  
March 31, 2019



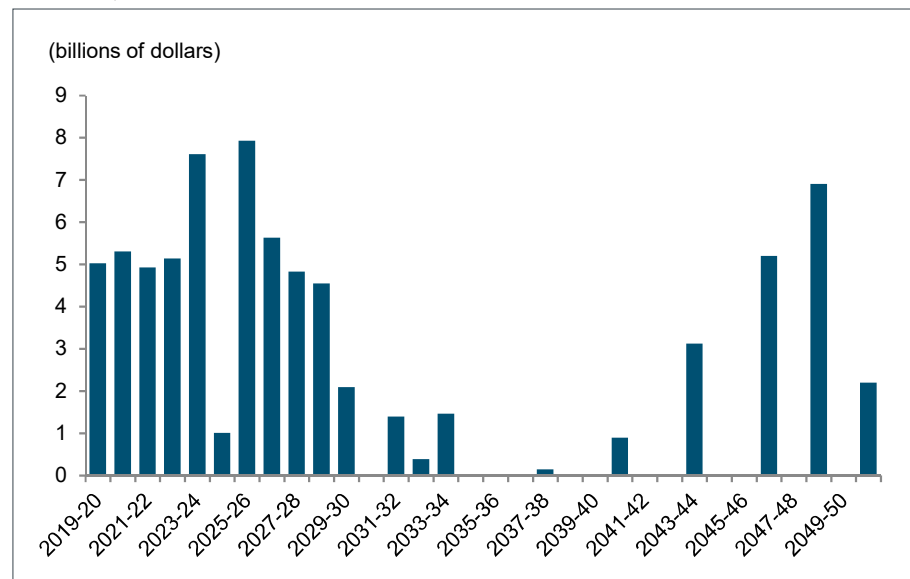
## Short-Term Debt Maturities

March 31, 2019



## Long-Term Debt Maturities

March 31, 2019



Alberta issues debt with maturities ranging from one day to over 30 years. Most short-term debt is issued with an initial term to maturity of three months or less. Long-term debt is most commonly issued in terms of five, 10 and 30 years. While other terms to maturity are available, bonds with five, 10 or 30 year terms to maturity have the greatest demand.

On March 31, 2019, outstanding taxpayer supported short-term debt had an average term to maturity of 46 days and an average cost of 1.95 per cent. The average term to maturity of taxpayer supported long-term debt on March 31, 2019, was 12.2 years and the average cost was 2.74 per cent. The average term to maturity for all taxpayer supported debt was 11.2 years and the average cost was 2.57 per cent on March 31, 2019.

## Projections

It is projected that government will need to borrow \$15.1 billion in 2019-20. Of this, roughly \$2.8 billion will be raised by increasing short-term debt outstanding, \$113 million will be financed using P3s and \$12.2 billion will be raised in long-term debt markets. In the following years, it is projected that the province will require between \$12.3 billion and \$15.3 billion in financing.

The vast majority of borrowing will be completed using long-term debt. The borrowing strategy will be similar to that of the recent past: build liquid benchmark bonds, target 30 to 40 per cent to be issued in foreign markets, and issue debt in multiple terms to maturity out to 30 years.

### Borrowing Requirements

(millions of dollars)

		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Government</b>	New financing	9,579	9,058	6,201	6,233
	Refinancing	3,899	3,071	3,679	3,274
	<b>Total</b>	<b>13,478</b>	<b>12,129</b>	<b>9,880</b>	<b>9,507</b>
<b>Provincial corporations</b>	New financing	247	658	838	1,084
	Refinancing	568	2,027	1,242	1,856
	<b>Total</b>	<b>815</b>	<b>2,685</b>	<b>2,080</b>	<b>2,940</b>
<b>Government business enterprises</b>	New financing	608	250	311	153
	Refinancing	200	200	0	0
	<b>Total</b>	<b>808</b>	<b>450</b>	<b>311</b>	<b>153</b>
<b>Total borrowing requirements</b>	New financing	10,434	9,966	7,350	7,470
	Refinancing	4,667	5,298	4,921	5,128
	<b>Total</b>	<b>15,101</b>	<b>15,264</b>	<b>12,271</b>	<b>12,600</b>

<b>Borrowing Sources</b>	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Money market (net change)	2,774	150	211	55
Public private partnerships	113	151	46	0
Long-term debt	12,214	14,963	12,014	12,545
<b>Total</b>	<b>15,101</b>	<b>15,264</b>	<b>12,271</b>	<b>12,600</b>

Consolidated debt service costs are estimated to be \$2.3 billion in 2019-20.

Debt service costs on taxpayer supported debt are projected to be \$1.8 billion in 2019-20. This represents 3.7 per cent of estimated total revenues.

### Projected Debt Service Costs

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Direct debt	1,406	1,719	1,958	2,180	2,381
Public private partnerships	121	118	122	129	129
Taxpayer supported debt service costs	1,527	1,837	2,080	2,309	2,510
Self-supporting provincial corporations	444	428	440	471	503
<b>Total consolidated debt service costs</b>	<b>1,971</b>	<b>2,265</b>	<b>2,520</b>	<b>2,780</b>	<b>3,013</b>



Taxpayer supported debt is estimated to be \$71.8 billion at the end of the current fiscal year. This is equal to almost 21 per cent of GDP and 144 per cent of revenue. Taxpayer supported debt per capita is forecast to be \$16,386. Net taxpayer supported debt is projected to be \$46.3 billion at year's end. In relative terms, it will be over 13 per cent of GDP and just under 93 per cent of revenue. On a per capita basis, net taxpayer supported debt is expected to be \$10,574.

#### Projected Debt Amounts (millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Taxpayer supported debt	62,657	71,790	80,851	87,046	93,267
Investment funds	25,542	25,446	25,899	26,418	26,964
Net taxpayer supported debt	37,115	46,344	54,952	60,628	66,303

## Cash Management Improvements

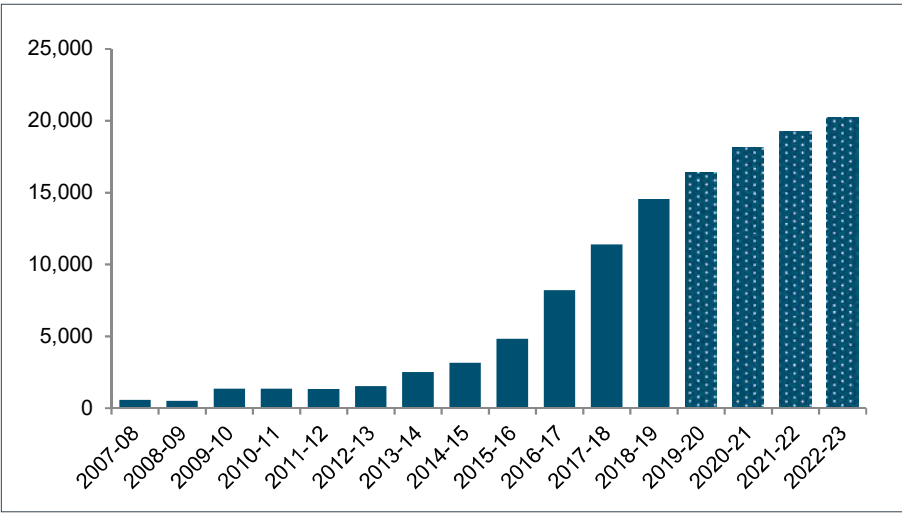
The most important step in slowing, and ultimately reversing, the growth of Alberta's debt and interest costs is to balance the budget. Government also will improve how it manages its cash resources.

First, government will close a number of regulated funds that are no longer required. Spending on the funds' purpose will not change, but will come directly out of government's budget. The regulated funds being closed are the Lottery Fund, the Access to the Future Fund, the Alberta Cancer Legacy Prevention Fund, the Historic Resources Fund and the Environmental Protection and Enhancement Fund. Money in those funds are expected to reduce borrowing requirements by about \$650 million and save roughly \$13 million annually in interest costs.

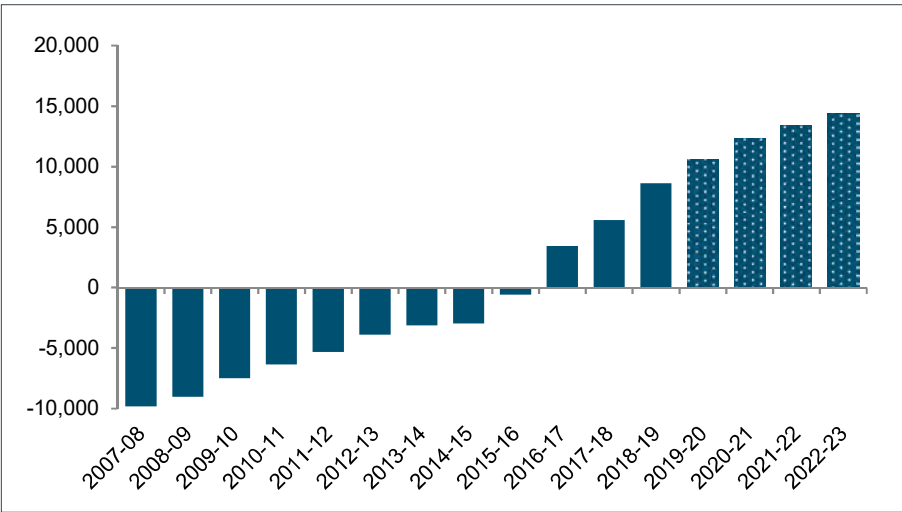
Other measures to improve cash management and reduce the need to borrow will be identified and evaluated in future years. One proposed change currently being analyzed is to reduce the cash reserve from \$5 billion to \$4 billion. The cash reserve was established in 2017-18 to protect government against market disruptions that might affect borrowing needed to maintain operations. A smaller cash reserve will be sufficient for future reduced spending on government operations. The \$1 billion reduction in the cash reserve means government can reduce its debt by the same amount. This proposal, if implemented, is expected to save about \$25 million in interest annually.

# Debt Metrics

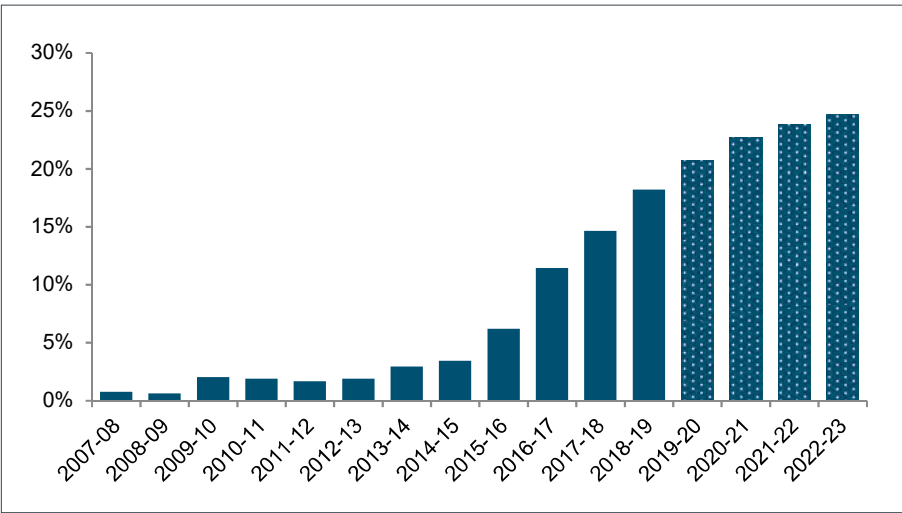
Taxpayer Supported Debt Per Capita



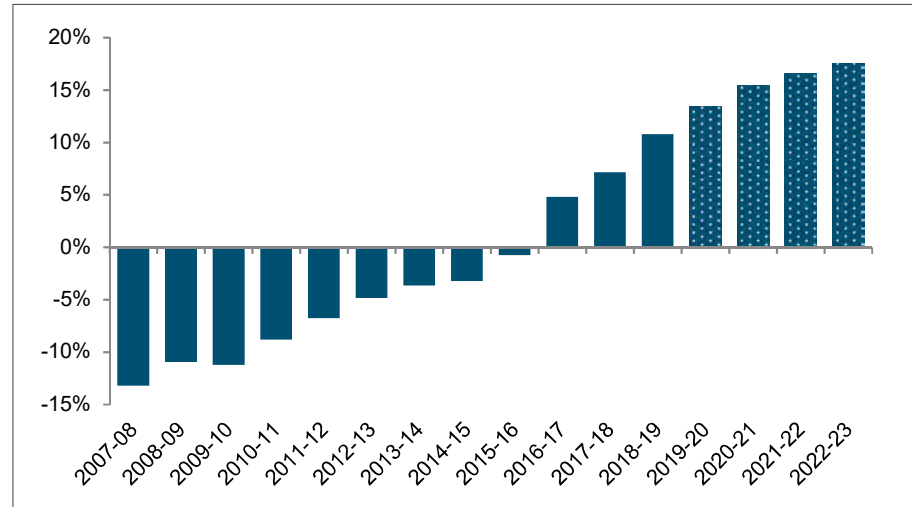
Net Taxpayer Supported Debt per Capita



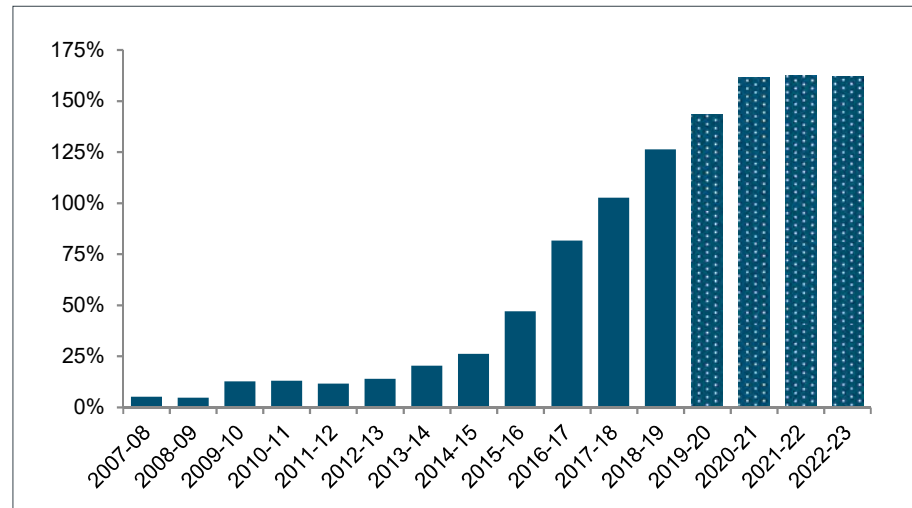
Taxpayer Supported Debt to GDP



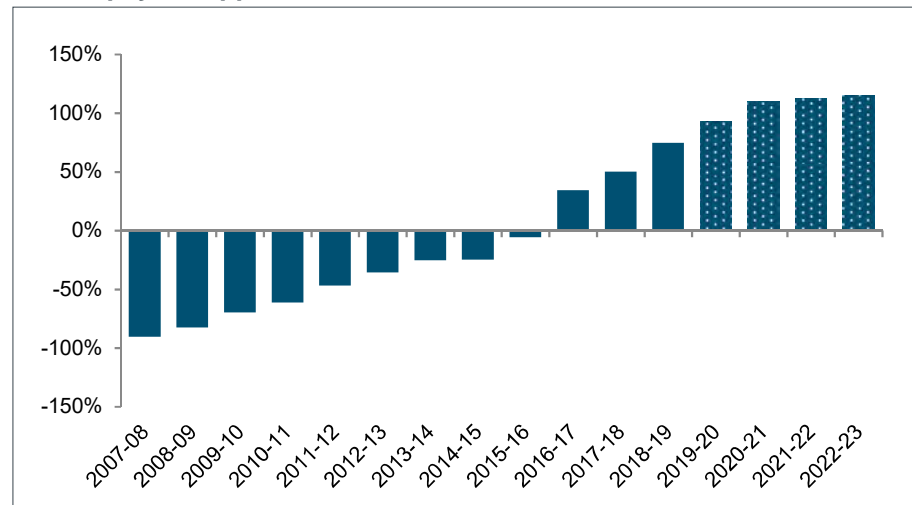
### Net Taxpayer Supported Debt to GDP



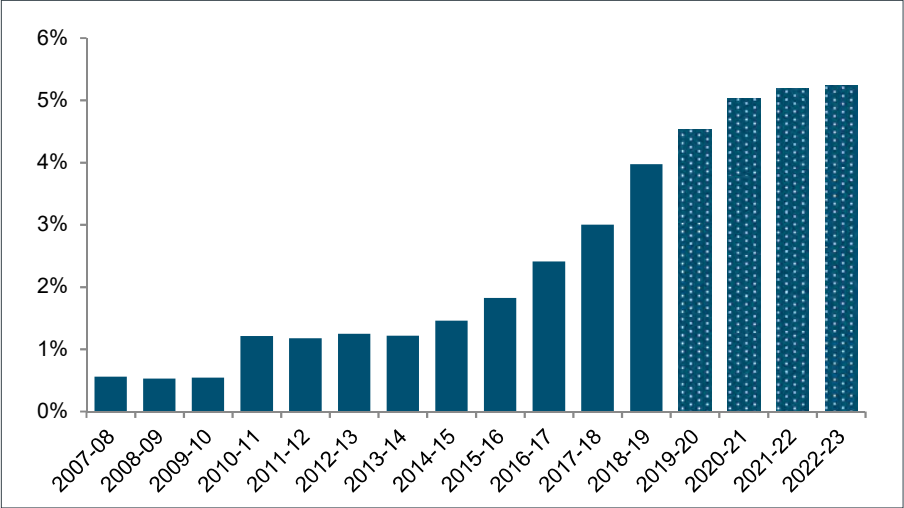
### Taxpayer Supported Debt to Revenue



### Net Taxpayer Supported Debt to Revenue



Debt Service Costs to Revenue





# Fiscal Plan Tables

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Note: Amounts presented in tables may not add to totals due to rounding.

## Summary Statement of Operations

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Revenue	49,624	50,016	50,079	53,629	57,543
Expense	56,329	56,540	55,212	55,482	55,759
<b>Surplus / (deficit) before CBR / contingency / forecast allowance</b>	<b>(6,705)</b>	<b>(6,524)</b>	<b>(5,133)</b>	<b>(1,853)</b>	<b>1,784</b>
Crude-by-rail provision (CBR)	6	1,500	-	-	-
Contingency / disaster assistance	-	680	750	750	750
Revenue forecast allowance	-	-	-	-	450
<b>Surplus / (deficit)</b>	<b>(6,711)</b>	<b>(8,704)</b>	<b>(5,883)</b>	<b>(2,603)</b>	<b>584</b>
Net assets at the beginning of the year <sup>1</sup>	29,671	23,267	14,563	8,680	6,077
<b>Net assets at end of year</b>	<b>23,267</b>	<b>14,563</b>	<b>8,680</b>	<b>6,077</b>	<b>6,661</b>

<sup>1</sup> Includes adjustments to net assets as reported in the annual consolidated financial statements.

## Summary Statement of Financial Position

(millions of dollars)

	At March 31				
	2019 Actual	2020 Estimate	2021 Target	2022 Target	2023 Target
Financial Assets	75,743	72,795	74,349	77,804	82,115
Liabilities	103,220	109,421	118,067	124,723	128,509
<b>Net Financial Debt</b>	<b>(27,477)</b>	<b>(36,626)</b>	<b>(43,718)</b>	<b>(46,919)</b>	<b>(46,394)</b>
Capital / Other Non-financial Assets	53,908	54,557	55,880	56,565	56,659
Deferred capital contributions	(3,164)	(3,368)	(3,482)	(3,569)	(3,604)
<b>Net Assets</b>	<b>23,267</b>	<b>14,563</b>	<b>8,680</b>	<b>6,077</b>	<b>6,661</b>



## Schedule 1: Consolidated Fiscal Summary (millions of dollars)

	2018-19	2019-20	2020-21	2021-22	2022-23
	Actual	Estimate	Target	Target	Target
<b>Statement of Operations</b>					
1 <b>Total Revenue</b>	<b>49,624</b>	<b>50,016</b>	<b>50,079</b>	<b>53,629</b>	<b>57,543</b>
<b>Expense</b>					
2 Operating expense	48,434	48,199	47,335	47,179	47,095
3 % change from prior year	4.0	(0.5)	(1.8)	(0.3)	(0.2)
4 Disaster and emergency assistance	507	636	-	-	-
5 Capital grants	1,952	2,086	1,957	1,999	2,024
6 Amortization / inventory consumption / loss on disposals	3,651	3,691	3,775	3,848	3,875
7 Debt servicing costs – general	1,074	1,246	1,355	1,482	1,610
8 Debt servicing costs – Capital Plan	897	1,019	1,165	1,298	1,403
9 Pension provisions	(190)	(337)	(375)	(324)	(248)
10 <b>Expense</b>	<b>56,329</b>	<b>56,540</b>	<b>55,212</b>	<b>55,482</b>	<b>55,759</b>
11 <b>Surplus / (deficit) before CBR / contingency / forecast allowance</b>	<b>(6,705)</b>	<b>(6,524)</b>	<b>(5,133)</b>	<b>(1,853)</b>	<b>1,784</b>
12 <b>Crude-by-rail provision (CBR - Energy)</b>	6	1,500	-	-	-
13 <b>Contingency and disaster and emergency assistance</b>	-	680	750	750	750
14 <b>Revenue forecast allowance</b>	-	-	-	-	450
15 <b>Surplus / (Deficit)</b>	<b>(6,711)</b>	<b>(8,704)</b>	<b>(5,883)</b>	<b>(2,603)</b>	<b>584</b>
<b>Capital Plan</b>					
16 Capital grants	1,952	2,086	1,957	1,999	2,024
17 Capital investment	4,105	4,119	4,615	3,997	3,383
18 <b>Total Capital Plan</b>	<b>6,057</b>	<b>6,206</b>	<b>6,572</b>	<b>5,996</b>	<b>5,407</b>
<b>Cash adjustments / borrowing requirements (at March 31)</b>					
19 <b>Cash at start of year</b>	1,661	6,342	3,500	3,500	3,500
20 <b>Surplus / (deficit)</b>	(6,711)	(8,704)	(5,883)	(2,603)	584
21 <b>Cash adjustments</b> (for details, see table on page 187)					
22 Retained income of funds and agencies	(1,191)	(42)	(1,209)	(1,105)	(1,178)
23 Other cash adjustments	(817)	(511)	263	(804)	(956)
24 Capital cash adjustments	1,904	1,777	2,283	2,181	2,265
<b>Total cash requirements</b>	(6,815)	(7,480)	(4,546)	(2,331)	715
25 Cash to be transferred next year / from prior-year final results	(854)	854	-	-	-
26 Pre-borrowing for cash management purposes	7,198	3,500	3,500	3,500	7,000
27 <b>Direct borrowing required (without pre-borrowing)</b>	5,153	283	1,045	(1,170)	(4,215)
28 <b>Cash at end of year</b>	<b>6,342</b>	<b>3,500</b>	<b>3,500</b>	<b>3,500</b>	<b>7,000</b>
<b>Taxpayer-supported Liabilities / Borrowing (at March 31)</b>					
<b>Liabilities for Capital Projects</b>					
29 Opening balance	29,339	33,597	36,983	41,499	45,364
30 Alternative financing (P3s – public-private partnerships)	128	113	151	46	-
31 Direct borrowing	4,177	3,320	4,362	3,825	3,448
32 Re-financing of existing debt	500	3,899	3,071	1,753	1,669
33 Principal repayments / amortization of debt issue costs	(547)	(3,946)	(3,068)	(1,759)	(1,681)
34 <b>Total Liabilities for Capital Projects</b>	<b>33,597</b>	<b>36,983</b>	<b>41,499</b>	<b>45,364</b>	<b>48,800</b>
<b>Borrowing for the Fiscal Plan / Other General Purposes</b>					
35 Opening balance	19,227	29,060	34,807	39,352	41,682
36 Direct borrowing for Fiscal Plan	12,351	3,783	4,545	2,330	2,785
37 Other general purpose borrowing (short-term; reserve; ASHC)	(2,518)	2,364	-	-	-
38 Re-financing of existing debt	-	-	-	1,926	1,603
39 Principal repayments	-	(400)	-	(1,926)	(1,603)
40 <b>Total Borrowing for the Fiscal Plan / Other</b>	<b>29,060</b>	<b>34,807</b>	<b>39,352</b>	<b>41,682</b>	<b>44,467</b>
41 <b>Total Taxpayer-supported Debt - Capital Projects / Fiscal Plan / Other</b>	<b>62,657</b>	<b>71,790</b>	<b>80,851</b>	<b>87,046</b>	<b>93,267</b>
42 <b>Percentage of nominal Alberta GDP</b>	<b>18.0%</b>	<b>19.9%</b>	<b>21.9%</b>	<b>22.2%</b>	<b>22.5%</b>

## Schedule 2: Statement of Financial Position

(millions of dollars)

	At March 31				
	2019 Actual	2020 Estimate	2021 Target	2022 Target	2023 Target
<b>Financial Assets</b>					
Alberta Heritage Savings Trust Fund	15,956	16,227	16,535	16,866	17,203
Endowment funds:					
Alberta Heritage Foundation for Medical Research	1,778	1,820	1,908	2,010	2,118
Alberta Heritage Science and Engineering Research	1,076	1,106	1,141	1,191	1,248
Alberta Heritage Scholarship	1,281	1,293	1,315	1,351	1,395
Alberta Cancer Prevention Legacy Fund	451	-	-	-	-
Alberta Enterprise Corporation	158	161	160	159	158
Contingency Account	6,342	-	-	-	-
Self-supporting lending organizations:					
Alberta Capital Finance Authority	16,478	16,900	17,144	17,294	17,472
Agriculture Financial Services Corporation	5,507	5,850	6,284	6,747	7,223
Equity in commercial enterprises	3,062	3,276	3,549	3,686	3,862
Student loans	2,884	3,254	3,603	3,968	4,299
Climate funds (TIER Fund / Energy Efficiency Ab. / carbon tax)	879	545	545	545	545
Cash Reserve	2,268	5,000	5,000	5,000	5,000
Other financial assets (including SUCH sector / Alberta Innovates Corp.)	17,623	17,363	17,165	18,987	21,592
<b>Total Financial Assets</b>	<b>75,743</b>	<b>72,795</b>	<b>74,349</b>	<b>77,804</b>	<b>82,115</b>
<b>Liabilities</b>					
<u>Taxpayer-supported debt:</u>					
Direct borrowing for the Capital Plan	30,651	33,990	38,429	42,331	45,856
Alternative financing (P3s - Public-private partnerships - Capital Plan)	2,946	2,993	3,070	3,033	2,944
Debt issued to reduce pre-1992 TPP unfunded liability	944	594	594	594	594
Direct borrowing for the Fiscal Plan	25,430	29,213	33,758	36,088	38,873
Other debt (short-term; ASHC; reserve)	2,686	5,000	5,000	5,000	5,000
Total taxpayer-supported debt	62,657	71,790	80,851	87,046	93,267
<u>Self-supporting lending organization debt:</u>					
Alberta Capital Finance Authority	15,902	16,042	16,600	17,339	18,319
Agriculture Financial Services Corporation	2,232	2,339	2,439	2,538	2,642
Total debt	80,791	90,171	99,890	106,923	114,228
Coal phase-out liabilities	983	914	842	769	693
Pension liabilities	9,240	8,903	8,528	8,204	7,956
Other liabilities (including SUCH sector / Alberta Innovates Corp.)	12,206	9,433	8,807	8,827	5,632
<b>Total Liabilities</b>	<b>103,220</b>	<b>109,421</b>	<b>118,067</b>	<b>124,723</b>	<b>128,509</b>
<b>Net Financial Assets</b>	<b>(27,477)</b>	<b>(36,626)</b>	<b>(43,718)</b>	<b>(46,919)</b>	<b>(46,394)</b>
<b>Capital / Other Non-financial Assets</b>	<b>53,908</b>	<b>54,557</b>	<b>55,880</b>	<b>56,565</b>	<b>56,659</b>
Deferred capital contributions	(3,164)	(3,368)	(3,482)	(3,569)	(3,604)
<b>Net Assets</b>	<b>23,267</b>	<b>14,563</b>	<b>8,680</b>	<b>6,077</b>	<b>6,661</b>

## Schedule 3: Capital Assets

(millions of dollars)

	At March 31				
	2019 Actual	2020 Estimate	2021 Target	2022 Target	2023 Target
Net book value at start of the year	51,399	52,925	53,888	55,216	55,906
Additions (capital investment)	4,105	4,119	4,615	3,997	3,383
Contingency	-	(600)	(650)	(600)	(550)
Amortization	(2,472)	(2,556)	(2,637)	(2,707)	(2,734)
Net book value of capital asset disposals / adjustments	(107)	-	-	-	-
<b>Net Book Value at End of Year</b>	<b>52,925</b>	<b>53,888</b>	<b>55,216</b>	<b>55,906</b>	<b>56,005</b>

## Schedule 4: Statement of Operations

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Revenue</b>					
Personal income tax	11,874	11,990	12,619	13,451	14,335
Corporate income tax	4,871	4,177	4,614	5,031	5,388
Other taxes	6,833	5,766	5,803	5,991	6,207
Non-renewable resource revenue	5,429	6,527	5,386	6,738	8,591
Transfers from Government of Canada	8,013	9,200	8,883	9,426	9,746
Investment income	2,349	2,585	2,697	2,893	3,009
Net income from govt. business enterprises	2,585	2,417	2,558	2,495	2,580
Premiums, fees and licences	3,911	3,872	4,047	4,131	4,241
Other	3,759	3,482	3,472	3,473	3,446
<b>Total Revenue</b>	<b>49,624</b>	<b>50,016</b>	<b>50,079</b>	<b>53,629</b>	<b>57,543</b>
<b>Expense <sup>a</sup></b>					
Advanced Education	6,094	5,842	5,709	5,614	5,504
Agriculture and Forestry	1,434	1,411	874	869	866
Children's Services	1,492	1,586	1,639	1,695	1,719
Community and Social Services	3,636	3,910	3,910	3,910	3,910
Culture, Multiculturalism and Status of Women	327	277	259	221	191
Economic Development, Trade and Tourism	356	295	284	298	308
Education	8,637	8,580	8,581	8,585	8,589
Energy	735	751	586	601	592
Environment and Parks	748	724	697	667	663
Executive Council	17	20	17	17	17
Health	21,915	22,105	22,197	22,177	22,208
Indigenous Relations	261	198	195	183	183
Infrastructure	639	613	621	614	601
Justice and Solicitor General	1,454	1,454	1,397	1,359	1,362
Labour and Immigration	209	220	209	212	207
Municipal Affairs	1,229	1,521	1,435	1,380	1,342
Seniors and Housing	726	704	716	712	711
Service Alberta	688	675	621	605	596
Transportation	1,584	1,703	1,499	1,726	1,815
Treasury Board and Finance	2,221	1,861	1,487	1,443	1,444
Legislative Assembly	137	159	133	133	164
<b>Total Program Expense</b>	<b>54,548</b>	<b>54,612</b>	<b>53,067</b>	<b>53,026</b>	<b>52,994</b>
Debt servicing costs	1,971	2,265	2,520	2,780	3,013
Pension provisions	(190)	(337)	(375)	(324)	(248)
<b>Expense</b>	<b>56,329</b>	<b>56,540</b>	<b>55,212</b>	<b>55,482</b>	<b>55,759</b>
<b>Surplus / (deficit) before CBR / contingency / forecast allowance</b>	<b>(6,705)</b>	<b>(6,524)</b>	<b>(5,133)</b>	<b>(1,853)</b>	<b>1,784</b>
<b>Crude-by-rail provision (CBR - Energy)</b>	<b>6</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contingency / disaster assistance</b>	<b>-</b>	<b>680</b>	<b>750</b>	<b>750</b>	<b>750</b>
<b>Revenue forecast allowance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>450</b>
<b>Surplus / (deficit)</b>	<b>(6,711)</b>	<b>(8,704)</b>	<b>(5,883)</b>	<b>(2,603)</b>	<b>584</b>
<b>Beginning net assets (+ adjustments)</b>	<b>29,671</b>	<b>23,267</b>	<b>14,563</b>	<b>8,680</b>	<b>6,077</b>
<b>Net assets at end of year</b>	<b>23,267</b>	<b>14,563</b>	<b>8,680</b>	<b>6,077</b>	<b>6,661</b>

<sup>a</sup> 2018-19 numbers have been restated on the 2019-20 basis, incorporating ministry reorganizations under the *Government Organization Act*, on April 30, 2019 (O.C. #89/2019), and on October 24, 2019 under the *Appropriation Act, 2019*. For specific details, please refer to page iii of the Preface to the 2019-20 *Government Estimates*.

## Schedule 5: Revenue

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Income Taxes</b>					
Personal income tax	11,874	11,990	12,619	13,451	14,335
Corporate income tax	4,871	4,177	4,614	5,031	5,388
	<b>16,745</b>	<b>16,167</b>	<b>17,233</b>	<b>18,482</b>	<b>19,723</b>
<b>Other Taxes</b>					
Education property tax (includes opted-out boards)	2,441	2,455	2,567	2,661	2,767
Fuel tax	1,394	1,397	1,433	1,464	1,502
Tobacco tax	873	864	865	855	855
Insurance taxes	612	650	702	757	816
Tourism levy	90	88	92	97	102
Freehold mineral rights tax	67	67	70	78	81
Cannabis tax	30	70	74	79	84
Carbon tax	1,324	175	-	-	-
	<b>6,833</b>	<b>5,766</b>	<b>5,803</b>	<b>5,991</b>	<b>6,207</b>
<b>Non-Renewable Resource Revenue</b>					
Bitumen royalty	3,214	4,682	3,492	4,470	6,131
Crude oil royalty	1,149	1,163	1,034	1,153	1,272
Natural gas and by-products royalty	536	362	487	700	777
Bonuses and sales of Crown leases	360	164	239	287	291
Rentals and fees / coal royalty	170	156	134	128	120
	<b>5,429</b>	<b>6,527</b>	<b>5,386</b>	<b>6,738</b>	<b>8,591</b>
<b>Transfers from Government of Canada</b>					
Canada Health Transfer	4,461	4,697	4,891	5,090	5,320
Canada Social Transfer	1,637	1,705	1,766	1,831	1,901
Direct transfers to SUCH sector / Alberta Innovates Corporation	522	568	580	595	607
Infrastructure support	397	912	586	813	867
Agriculture support programs	272	271	267	268	268
Labour market agreements	255	276	299	314	314
Other (includes 2019-20 fiscal stabilization payment)	469	771	494	515	469
	<b>8,013</b>	<b>9,200</b>	<b>8,883</b>	<b>9,426</b>	<b>9,746</b>
<b>Investment Income</b>					
Alberta Heritage Savings Trust Fund	1,071	1,286	1,217	1,336	1,422
Endowment funds	234	269	304	346	367
Alberta Capital Finance Authority	359	358	485	497	509
Agriculture Financial Services Corporation	138	137	142	149	157
Other (includes SUCH sector)	547	535	549	565	554
	<b>2,349</b>	<b>2,585</b>	<b>2,697</b>	<b>2,893</b>	<b>3,009</b>
<b>Net Income from Government Business Enterprises</b>					
AGLC – Gaming / lottery	1,446	1,414	1,410	1,454	1,481
AGLC – Liquor	860	823	910	928	947
AGLC – Cannabis	(34)	(31)	(34)	(24)	(25)
ATB Financial	139	153	243	284	284
Balancing Pool	361	210	85	94	103
Other (CUDGCo and APMC)	(187)	(152)	(56)	(241)	(211)
	<b>2,585</b>	<b>2,417</b>	<b>2,558</b>	<b>2,495</b>	<b>2,580</b>
<b>Premiums, Fees and Licences</b>					
Post-secondary institution tuition fees	1,256	1,309	1,396	1,467	1,540
Health / school board fees and charges	701	697	705	714	723
Motor vehicle licences	520	526	546	549	554
Crop, hail and livestock insurance premiums	323	310	334	348	360
Energy industry levies	330	320	302	306	296
Other (includes land titles, lands and grazing, health benefit premiums)	781	710	764	746	768
	<b>3,911</b>	<b>3,872</b>	<b>4,047</b>	<b>4,131</b>	<b>4,241</b>
<b>Other</b>					
SUCH sector sales, rentals and services	968	1,053	1,067	1,081	1,094
SUCH sector fundraising, donations, gifts and contributions	809	686	701	712	720
AIMCo investment management charges	406	360	360	360	361
Fines and penalties	200	221	258	259	259
Refunds of expense	367	194	195	196	197
Technology Innovation and Emissions Reduction Fund	528	556	478	454	415
Miscellaneous (includes Alberta Innovates Corporation)	481	412	412	411	400
	<b>3,759</b>	<b>3,482</b>	<b>3,472</b>	<b>3,473</b>	<b>3,446</b>
<b>Total Revenue</b>	<b>49,624</b>	<b>50,016</b>	<b>50,079</b>	<b>53,629</b>	<b>57,543</b>

## Schedule 6: Operating Expense

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Advanced Education	5,392	5,117	4,976	4,866	4,756
Agriculture and Forestry	967	879	834	824	822
Children's Services	1,492	1,586	1,639	1,695	1,719
Community and Social Services	3,634	3,910	3,910	3,910	3,910
Culture, Multiculturalism and Status of Women	236	218	192	175	158
Economic Development, Trade and Tourism	349	286	277	291	300
Education	8,223	8,223	8,223	8,223	8,223
Energy	552	601	501	529	519
Environment and Parks	574	610	575	559	550
Executive Council	17	20	17	17	17
Health	20,409	20,610	20,616	20,632	20,672
Indigenous Relations	213	190	188	176	176
Infrastructure	488	460	473	452	428
Justice and Solicitor General	1,452	1,449	1,391	1,353	1,356
Labour and Immigration	208	219	208	211	206
Municipal Affairs	263	240	225	223	222
Seniors and Housing	630	638	639	639	639
Service Alberta	554	538	485	478	469
Transportation	443	411	376	374	372
Treasury Board and Finance	2,199	1,837	1,462	1,419	1,419
Legislative Assembly	136	157	130	130	161
<b>Total Operating Expense</b>	<b>48,434</b>	<b>48,199</b>	<b>47,335</b>	<b>47,179</b>	<b>47,095</b>

## Schedule 7: Debt Servicing Costs

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Taxpayer-supported general debt servicing costs</b>					
Education – school boards	10	9	9	9	9
Seniors and Housing – Alberta Social Housing Corporation	5	5	-	-	-
Treasury Board and Finance	615	804	906	1,002	1,098
<b>Total</b>	<b>630</b>	<b>818</b>	<b>915</b>	<b>1,011</b>	<b>1,107</b>
<b>Taxpayer-supported Capital Plan debt servicing costs</b>					
Education – Alberta Schools Alternative Procurement P3s	28	28	27	26	26
Transportation – ring road P3s	92	90	95	103	103
Treasury Board and Finance – direct borrowing	777	901	1,043	1,169	1,274
<b>Total</b>	<b>897</b>	<b>1,019</b>	<b>1,165</b>	<b>1,298</b>	<b>1,403</b>
<b>Total taxpayer-supported debt servicing costs</b>	<b>1,527</b>	<b>1,837</b>	<b>2,080</b>	<b>2,309</b>	<b>2,510</b>
<b>Self-supported debt servicing costs</b>					
Treasury Board and Finance – Ab. Capital Finance Authority	373	358	367	395	426
Treasury Board and Finance – Ag. Financial Services Corp.	71	70	73	76	77
<b>Total</b>	<b>444</b>	<b>428</b>	<b>440</b>	<b>471</b>	<b>503</b>
<b>Total Debt Servicing Costs</b>	<b>1,971</b>	<b>2,265</b>	<b>2,520</b>	<b>2,780</b>	<b>3,013</b>

## Schedule 8: Capital Amortization

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Advanced Education	525	550	555	566	566
Agriculture and Forestry	22	28	25	25	25
Community and Social Services	1	1	1	1	1
Culture, Multiculturalism and Status of Women	4	8	7	7	7
Economic Development, Trade and Tourism	7	7	7	7	7
Education	413	356	357	361	365
Energy	18	14	14	14	14
Environment and Parks	59	77	88	96	102
Health	544	573	605	612	612
Infrastructure	119	127	135	145	162
Justice and Solicitor General	2	6	6	6	6
Labour and Immigration	1	1	1	1	1
Municipal Affairs	2	3	4	5	5
Seniors and Housing	35	42	44	39	39
Service Alberta	115	122	121	112	112
Transportation	583	615	640	682	682
Treasury Board and Finance	22	24	25	24	25
Legislative Assembly	1	3	3	3	3
<b>Total Amortization Expense</b>	<b>2,472</b>	<b>2,556</b>	<b>2,637</b>	<b>2,707</b>	<b>2,734</b>

## Schedule 9: Inventory Consumption

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Advanced Education	172	175	178	181	181
Agriculture and Forestry	1	1	1	1	1
Culture, Multiculturalism and Status of Women	1	1	1	1	1
Health	921	894	894	894	894
Infrastructure	3	3	3	3	3
Service Alberta	14	10	10	10	10
Transportation	48	50	50	50	50
<b>Total Inventory Consumption</b>	<b>1,163</b>	<b>1,134</b>	<b>1,137</b>	<b>1,140</b>	<b>1,140</b>

## Schedule 10: Inventory Acquisition

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Advanced Education	172	175	178	181	181
Agriculture and Forestry	1	1	1	1	1
Culture, Multiculturalism and Status of Women	1	1	1	1	1
Health	943	888	888	888	888
Infrastructure	3	3	3	3	3
Service Alberta	14	10	10	10	10
Transportation	50	50	50	50	50
Legislative Assembly	1	1	1	1	1
<b>Total Inventory Acquisition</b>	<b>1,181</b>	<b>1,128</b>	<b>1,132</b>	<b>1,135</b>	<b>1,135</b>

## Schedule 11: Contingency and Disaster and Emergency Assistance

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Agriculture and Forestry – agriculture support	193	-	-	-	-
Agriculture and Forestry – wildfire fighting	233	485	-	-	-
Municipal Affairs – wildfire / flood support	80	151	-	-	-
Treasury Board and Finance – contingency	-	680	750	750	750
<b>Total Disaster / Emergency Assistance</b>	<b>507</b>	<b>1,316</b>	<b>750</b>	<b>750</b>	<b>750</b>

## Schedule 12: Borrowing Requirements

(millions of dollars)

	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Government	13,478	12,129	9,880	9,507
Provincial corporations	815	2,685	2,080	2,940
Government business enterprises	808	450	311	153
<b>Total borrowing requirements</b>	<b>15,101</b>	<b>15,264</b>	<b>12,271</b>	<b>12,600</b>

## Schedule 13: Borrowing Sources

(millions of dollars)

	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Money market (net change)	2,774	150	211	53
Public-private partnerships (P3s)	113	151	46	-
Term debt	12,214	14,963	12,014	12,547
<b>Total borrowing sources</b>	<b>15,101</b>	<b>15,264</b>	<b>12,271</b>	<b>12,600</b>

## Schedule 14: Pension Liabilities

(millions of dollars)

	At March 31				
	2019 Actual	2020 Estimate	2021 Target	2022 Target	2023 Target
Teachers' Pension Plan (pre-1992)	7,739	7,503	7,277	7,042	6,799
Teachers' Pension Plan (post-1992)	340	227	83	-	-
Public Service Management Pension Plan (pre-1992; closed) <sup>b</sup>	473	445	412	379	344
Universities Academic Pension Plan (pre-1992)	259	319	334	349	365
Special Forces Pension Plan (pre-1992)	93	69	69	69	69
Members of the Legislative Assembly Pension Plan (closed) <sup>b</sup>	40	39	37	35	32
Public Service Supplementary Retirement Plan	70	68	76	86	96
Provincial Judges and Masters in Chambers Pension Plan	-	4	13	23	35
SUCH sector – Universities Academic / Supp. Executive Retirement Plans	226	229	227	221	216
<b>Total Pension Liabilities</b>	<b>9,240</b>	<b>8,903</b>	<b>8,528</b>	<b>8,204</b>	<b>7,956</b>
<b>Annual non-cash change in pension liabilities</b>	<b>(190)</b>	<b>(337)</b>	<b>(375)</b>	<b>(324)</b>	<b>(248)</b>

<sup>a</sup> The following public service pension plans are fully funded, and thus not included above: the Local Authorities Pension Plan, the Public Service Pension Plan and the Management Employees Pension Plan.

<sup>b</sup> Membership closed and pensionable service no longer being accrued.



## Schedule 15: Cash Adjustments<sup>a</sup>

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Retained Income of Funds and Agencies</b>					
Alberta Heritage Savings Trust Fund inflation-proofing	(374)	(271)	(308)	(331)	(337)
ATB Financial	(139)	(153)	(243)	(284)	(284)
Agriculture Financial Services Corporation	(153)	(377)	(388)	(401)	(410)
Heritage Foundation for Medical Research Endowment Fund	(18)	(42)	(88)	(102)	(108)
Heritage Science and Engineering Research Endowment Fund	(18)	(30)	(35)	(50)	(57)
Heritage Scholarship Fund	(12)	(12)	(22)	(36)	(44)
Alberta Social Housing Corporation	(83)	250	(18)	4	6
Alberta Capital Finance Authority	(38)	(33)	(48)	(42)	(42)
Alberta Cancer Prevention Legacy Fund	14	389	-	-	-
Credit Union Deposit Guarantee Corporation	(22)	(23)	(24)	(23)	(23)
Alberta Petroleum Marketing Commission	215	172	79	264	234
Carbon tax account	(236)	282	-	-	-
Technology Innovation and Emissions Reduction Fund	(126)	52	-	-	-
Balancing Pool	(361)	(210)	(85)	(94)	(103)
Other	160	(35)	(28)	(11)	(11)
<b>Total Retained Income of Funds and Agencies</b>	<b>(1,191)</b>	<b>(42)</b>	<b>(1,209)</b>	<b>(1,105)</b>	<b>(1,178)</b>
<b>Other Cash Adjustments</b>					
SUCH sector own-source revenue	(4,858)	(4,887)	(5,036)	(5,169)	(5,299)
SUCH sector own-source expense	5,600	5,229	5,225	5,173	5,203
Net deferred capital contribution cash adjustment	75	144	54	27	(25)
Energy royalties (difference between accrued revenue & cash)	139	(50)	617	(74)	(174)
Student loans	(337)	(370)	(349)	(365)	(331)
Inventory acquisition	(132)	(133)	(135)	(135)	(135)
Other cash adjustments	(1,084)	(219)	(39)	(112)	(79)
2013 Alberta flood assistance revenue / expense	(110)	8	170	59	-
Wood Buffalo wildfire revenue / expense	(44)	(29)	(2)	(16)	-
Pension provisions (non-cash expense)	(190)	(337)	(375)	(324)	(248)
Inventory consumption (non-cash expense)	124	133	134	132	132
<b>Total Other Cash Adjustments</b>	<b>(817)</b>	<b>(511)</b>	<b>263</b>	<b>(804)</b>	<b>(956)</b>
<b>Capital cash adjustments</b>					
Capital investment (excluding SUCH sector self-financed)	(3,280)	(3,412)	(3,946)	(3,392)	(2,855)
Capital Plan contingency	-	600	650	600	550
Current principal repayments (P3s – public-private partnerships)	(64)	(66)	(74)	(83)	(89)
Withdrawal from / (deposit to) Capital Plan financing account	(68)	123	-	-	-
Direct borrowing for Capital Plan	4,177	3,320	4,362	3,824	3,448
Alternative financing (P3s – public-private partnerships)	128	113	151	46	-
Amortization (excluding SUCH sector - non-cash expense)	995	1,099	1,140	1,186	1,211
Book value of asset disposals (net non-cash expense / revenue)	16	-	-	-	-
<b>Total Capital Cash Adjustments</b>	<b>1,904</b>	<b>1,777</b>	<b>2,283</b>	<b>2,181</b>	<b>2,265</b>

<sup>a</sup> Negative cash adjustments are a cash requirement; positive cash adjustments are a cash source.



## Schedule 16: Capital Plan <sup>a</sup>

(millions of dollars)

	2018-19 Actual <sup>b</sup>	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Advanced Education	694	572	530	407	363
Agriculture and Forestry	37	41	36	39	39
Community and Social Services	2	1	1	1	1
Culture, Multiculturalism and Status of Women	88	52	61	41	28
Economic Development, Trade and Tourism	7	16	11	11	11
Education	678	740	878	654	437
Energy	185	150	89	76	70
Environment and Parks	172	111	92	76	69
Health	925	1,067	1,268	1,162	1,077
Indigenous Relations	48	8	7	7	7
Infrastructure	269	229	264	257	199
Justice and Solicitor General	8	9	9	11	14
Labour and Immigration	3	1	1	1	1
Municipal Affairs	889	1,132	1,216	1,155	1,118
Seniors and Housing	170	151	212	150	106
Service Alberta	109	110	96	101	101
Transportation	1,757	1,790	1,785	1,832	1,752
Treasury Board and Finance	14	24	15	14	14
Legislative Assembly	2	2	2	2	2
<b>Total Capital Plan</b>	<b>6,057</b>	<b>6,206</b>	<b>6,572</b>	<b>5,996</b>	<b>5,407</b>

<sup>a</sup> The Capital Plan comprises capital grants included in expense plus capital investment in government-owned assets not included in expense. Capital investment adds to government capital assets, and those assets are depreciated over time through amortization expense included in total expense.

<sup>b</sup> 2018-19 Capital Plan (Capital Investment) numbers have been restated to correct for an error made at year-end overstating Education's Capital Investment by a net \$123 million. Numbers have also been restated on a comparable basis to the *Budget 2019* Fiscal Plan, by removing \$134 million from Infrastructure and moving \$285 million from Infrastructure to Health. An accounting policy change made at year-end 2018-19 adjusted allocation of school and health projects managed by Infrastructure and still in progress to be reported as Infrastructure Capital Investment. For the Fiscal Plan, this reporting is being reversed, as ownership of the completed assets will eventually reside with Education and Health entities.

## Schedule 17: Capital Grants

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Agriculture and Forestry	17	17	13	18	18
Community and Social Services	1	-	-	-	-
Culture, Multiculturalism and Status of Women	85	49	59	39	26
Economic Development, Trade and Tourism	-	2	-	-	-
Education	1	1	1	1	1
Energy	165	136	71	58	58
Environment and Parks	114	38	34	11	12
Health	38	28	84	40	32
Indigenous Relations	48	8	7	7	7
Infrastructure	28	23	10	14	8
Municipal Affairs	884	1,127	1,207	1,152	1,115
Seniors and Housing	57	25	33	34	33
Service Alberta	3	5	5	5	5
Transportation	510	627	432	619	710
<b>Total Capital Grants</b>	<b>1,952</b>	<b>2,086</b>	<b>1,957</b>	<b>1,999</b>	<b>2,024</b>

## Schedule 18: Capital Investment <sup>a</sup>

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Advanced Education	694	572	530	407	363
Agriculture and Forestry	19	23	22	21	21
Community and Social Services	-	1	1	1	1
Culture, Multiculturalism and Status of Women	3	2	2	2	2
Economic Development, Trade and Tourism	7	15	11	11	11
Education	678	739	877	653	436
Energy	20	14	17	17	11
Environment and Parks	58	73	57	64	57
Health	887	1,039	1,184	1,121	1,045
Infrastructure	241	206	254	244	191
Justice and Solicitor General	8	9	9	11	14
Labour and Immigration	3	1	1	1	1
Municipal Affairs	5	4	9	3	3
Seniors and Housing	113	126	179	116	73
Service Alberta	106	105	91	96	96
Transportation	1,247	1,162	1,352	1,212	1,042
Treasury Board and Finance	14	24	15	14	14
Legislative Assembly	2	2	2	2	2
<b>Total Capital Investment</b>	<b>4,105</b>	<b>4,119</b>	<b>4,615</b>	<b>3,997</b>	<b>3,383</b>

<sup>a</sup> Capital investment is not included in expense. Rather, the assets are added to government capital assets and depreciated over time through amortization expense.

## Schedule 19: Capital Plan Liability / Fiscal Plan Borrowing Principal Repayments

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Education – Alberta Schools Alternative Procurement P3s	15	16	17	17	18
Infrastructure – Evan Thomas water treatment P3	1	1	1	1	1
Transportation – ring road P3s	48	50	56	65	70
Seniors and Housing - Alberta Social Housing Corporation	2	50	-	-	-
Treasury Board and Finance – debt issued to reduce pre-1992 TPP liability	-	350	-	-	-
Treasury Board and Finance – direct borrowing	500	4,249	3,071	3,680	3,272
<b>Total Principal Repayments</b>	<b>566</b>	<b>4,716</b>	<b>3,145</b>	<b>3,763</b>	<b>3,361</b>

## Schedule 20: Capital Plan Funding Sources

(millions of dollars)

	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
Capital Plan, less	6,057	6,206	6,572	5,996	5,407
10% cash flow adjustment (rounded)	-	(600)	(650)	(600)	(550)
Capital Plan funding requirements	6,057	5,606	5,922	5,396	4,857
Source of funding:					
Cash received (primarily federal govt.) / donations / disposals	605	1,053	657	859	864
Retained income of funds and agencies (primarily ASHC)	(69)	150	12	4	(41)
SUCH sector self-financed	825	707	668	604	528
TIER Fund (and carbon tax in 2018-19)	459	140	71	58	58
Alternative financing (P3s – public-private partnerships)	128	113	151	46	-
Direct borrowing	4,177	3,320	4,362	3,825	3,448
Withdrawal from / (deposit to) Capital Plan financing account	(68)	123	-	-	-
<b>Total Capital Plan funding Sources</b>	<b>6,057</b>	<b>5,606</b>	<b>5,921</b>	<b>5,396</b>	<b>4,857</b>

## Schedule 21: Full-Time Equivalents <sup>a</sup>

	2018-19 Budget	2019-20 Estimate	Change
<b>Department</b>			
Advanced Education	575	540	(35)
Agriculture and Forestry	1,701	1,650	(51)
Children's Services	2,768	2,768	-
Community and Social Services	3,163	2,940	(223)
Culture, Multiculturalism and Status of Women	568	536	(32)
Economic Development, Trade and Tourism	373	348	(25)
Education	553	513	(40)
Energy	562	540	(22)
Environment and Parks	2,213	2,103	(110)
Executive Council	122	119	(3)
Health	910	846	(64)
Indigenous Relations	230	208	(22)
Infrastructure	938	890	(48)
Justice and Solicitor General	6,987	6,789	(198)
Labour and Immigration	816	858	42
Municipal Affairs	590	567	(23)
Seniors and Housing	269	267	(2)
Service Alberta	2,238	2,193	(45)
Transportation	732	893	161
Treasury Board and Finance – department	548	506	(42)
Treasury Board and Finance – Communications and Public Engagement	309	284	(25)
Treasury Board and Finance – Public Service Commission	710	658	(52)
Workforce re-allocation	(35)	-	35
<b>Department</b>	<b>27,840</b>	<b>27,016</b>	<b>(824)</b>
<b>Agencies / SUCH sector / other arm's length entities</b>			
Advanced Education – Post-secondary institutions	33,588	33,288	(300)
Agriculture and Forestry – Agriculture Financial Services Corporation	630	630	-
Economic Development, Trade and Tourism – Travel Alberta Corporation	80	80	-
Economic Development and Trade – Alberta Enterprise Corporation	6	6	-
Economic Development and Trade – Alberta Innovates Corporation	712	612	(100)
Education - School boards (including Francophone / charter)			-
Certificated Staff	37,197	37,366	169
Non-certificated Staff	26,452	26,973	521
Energy – Alberta Energy Regulator	1,240	970	(270)
Energy – Alberta Utilities Commission	143	136	(7)
Environment and Parks – Energy Efficiency Alberta	34	34	-
Environment and Parks – Natural Resources Conservation Board	47	47	-
Health – Alberta Health Services	80,570	80,570	-
Health – Health Quality Council of Alberta	35	35	-
Indigenous Relations - Alberta Indigenous Opportunities Corporation	-	9	9
Justice and Solicitor General – Victims of Crime Fund	54	64	10
Municipal Affairs – Safety Codes Council	60	60	-
Transportation – Transportation Safety Board	12	12	-
Treasury Board and Finance – Alberta Insurance Council	24	24	-
Treasury Board and Finance – Alberta Investment Management Corporation	427	452	25
Treasury Board and Finance – Alberta Local Authorities Pension Plan Corporation	8	-	(8)
Treasury Board and Finance – Alberta Pensions Services Corporation	297	297	-
Treasury Board and Finance – Alberta Securities Commission	205	205	-
Legislative Assembly	746	757	11
<b>Agencies / SUCH sector / other arm's length entities</b>	<b>182,567</b>	<b>182,627</b>	<b>60</b>
<b>Total Full-Time Equivalent Employment</b>	<b>210,407</b>	<b>209,643</b>	<b>(764)</b>

<sup>a</sup> 2018-19 budget numbers have been restated on the 2019-20 basis, incorporating ministry reorganizations, and for updated information where applicable.

## Schedule 22: Changes to Fees

(dollars)

Ministry / Description	2018-19	2019-20	2020-21
<b>Culture, Multiculturalism, and Status of Women</b>			
Royal Alberta and Royal Tyrell museums			
Adult one / two-day pass	\$19 / \$27	\$19 / \$27	\$21/\$29
Family one / two-day pass	\$48 / \$69	\$48 / \$69	\$50/\$71
Special Exhibit Fee	-	-	nil to \$15
museums			
Adult one-day pass	\$13	\$13	\$15
Family one-day pass	\$35	\$35	\$40
Experience Alberta			
Adult annual pass	\$50	\$50	\$55
Family annual pass	\$120	\$120	\$125
<b>Environment and Parks</b>			
Grazing lease rental rates (subject to change as amounts are dependent on market cattle prices)	\$1.39 to \$2.79	\$1.39 to \$2.79	\$1.63 to \$2.73
Certification renewal fee for certified water and wastewater operators	-	-	\$130
<b>Health</b>			
Statement of benefits paid	\$25	\$75	\$75
<b>Labour and Immigration</b>			
Alberta Immigrant Nominee Program			
Application fee	-	-	\$500
Other services fees (e.g., letter of support / reconsideration, nomination extension, application withdrawals)	-	-	\$100
<b>Service Alberta</b>			
Motor vehicles			
Operator / passenger	\$75	\$80	\$80
Non-commercial trailers pulled by a licensed vehicle (e.g., recreation vehicles, campers)	\$100	\$150	\$150
Administrative changes (duplicate or exchange operator license, reclassification of operator licence, etc.)	\$13	\$15	\$15
Land titles			
Transfers / title creation - flat + variable fee (based on every \$5,000)	\$1	\$2	\$2
Mortgages - flat + variable fee (based on every \$5,000)	\$1	\$2	\$2
Discharge on interest	\$5	\$10	\$10

## Schedule 23: Expense by Object<sup>a</sup>

(millions of dollars)

	Salaries, Wages and Employee Benefits	Supplies and Services	Grants to Others	Capital Grants to Others	Amortization of Capital Assets	Consumption of Inventory	Pension Provisions	Debt Servicing Costs	Other / unallocated disaster and in-year savings	Total 2019-20 Expense
Legislative Assembly	79	61	-	-	3	-	-	-	16	159
Advanced Education	3,463	1,042	538	-	550	175	3	-	74	5,845
Agriculture and Forestry	245	988	125	17	28	1	-	-	6	1,411
Children's Services	295	665	626	-	-	-	-	-	-	1,586
Community and Social Services	285	979	2,646	-	1	-	-	-	-	3,910
Culture, Multiculturalism and Status of Women	60	31	126	49	8	1	-	-	1	277
Economic Development , Trade and Tourism	117	74	95	2	7	-	-	-	-	295
Education	6,380	1,467	376	1	356	-	(113)	36	1	8,504
Energy	253	1,689	132	136	14	-	-	-	28	2,251
Environment and Parks	239	194	176	38	77	-	-	-	1	724
Executive Council	16	4	-	-	-	-	-	-	-	20
Health	8,431	5,603	6,574	28	573	894	-	-	2	22,105
Indigenous Relations	24	7	159	8	-	-	-	-	-	198
Infrastructure	72	382	-	23	127	3	-	-	6	613
Justice and Solicitor General	776	376	263	-	6	-	-	-	33	1,454
Labour and Immigration	109	57	53	-	1	-	-	-	-	220
Municipal Affairs	80	39	271	1,127	3	-	-	-	-	1,521
Seniors and Housing	27	9	601	25	42	-	-	5	-	709
Service Alberta	229	308	-	5	122	10	-	-	1	675
Transportation	78	332	2	627	615	50	-	90	-	1,793
Treasury Board and Finance	349	446	1,027	-	24	-	(226)	2,133	15	3,769
Contingency and disaster assistance (voted in TB&F)	-	-	-	-	-	-	-	-	680	680
<b>Total 2019-20 Expense</b>	<b>21,607</b>	<b>14,753</b>	<b>13,789</b>	<b>2,086</b>	<b>2,556</b>	<b>1,134</b>	<b>(337)</b>	<b>2,265</b>	<b>865</b>	<b>58,720</b>

<sup>a</sup> Total expense includes provisions of \$1.5 billion for crude-by-rail (Energy) and \$680 million for contingency and disaster assistance (Treasury Board and Finance).

**Schedule 24: Expense by Function<sup>a</sup>**

(millions of dollars)

	Health	Education	Social Services	Agriculture, Resource Management and Economic Development	Protection of Persons and Property (includes 2013 flood and unallocated disaster)	Transportation, Communications and Utilities	Regional Planning and Development	Environment	Recreation and Culture	Housing	General Government (includes pension provisions and in-year savings)	Debt Servicing Costs	Total 2019-20 Expense
Legislative Assembly	-	-	16	-	-	-	-	-	-	-	144	-	159
Advanced Education	-	5,842	-	-	-	-	-	-	-	-	3	-	5,845
Agriculture and Forestry	-	-	-	803	607	-	-	-	-	-	-	-	1,411
Children's Services	-	-	1,586	-	-	-	-	-	-	-	-	-	1,586
Community and Social Services	-	64	3,847	-	-	-	-	-	-	-	-	-	3,910
Culture, Multiculturalism and Status of Women	-	-	-	63	-	-	-	-	212	-	1	-	277
Economic Development, Trade and Tourism	28	-	-	258	-	-	7	-	-	-	2	-	295
Education	-	8,580	-	-	-	-	-	-	-	-	(113)	36	8,504
Energy	-	-	-	2,032	-	33	-	159	-	-	26	-	2,251
Environment and Parks	-	-	-	117	1	-	-	495	112	-	-	-	724
Executive Council	-	-	-	-	-	-	-	-	-	-	20	-	20
Health	22,105	-	-	-	-	-	-	-	-	-	-	-	22,105
Indigenous Relations	-	-	-	6	-	-	192	-	-	-	-	-	198
Infrastructure	7	7	-	-	-	3	-	48	-	1	547	-	613
Justice and Solicitor General	-	-	188	23	1,244	-	-	-	-	-	-	-	1,454
Labour and Immigration	-	39	-	79	101	-	-	-	-	-	-	-	220
Municipal Affairs	-	-	-	-	215	-	1,224	-	37	-	45	-	1,521
Seniors and Housing	-	-	510	-	-	-	-	-	-	195	-	5	709
Service Alberta	-	-	-	-	150	-	-	-	-	-	526	-	675
Transportation	-	-	-	-	47	1,655	-	2	-	-	-	90	1,793
Treasury Board and Finance	13	9	156	104	48	-	1	181	9	-	1,114	2,133	3,769
Contingency and disaster assistance (voted in TB&F)	-	-	-	-	680	-	-	-	-	-	-	-	680
<b>Total 2019-20 Expense</b>	<b>22,153</b>	<b>14,541</b>	<b>6,304</b>	<b>3,486</b>	<b>3,094</b>	<b>1,690</b>	<b>1,425</b>	<b>884</b>	<b>369</b>	<b>196</b>	<b>2,315</b>	<b>2,264</b>	<b>58,720</b>

<sup>a</sup> Total expense includes provisions of \$1.5 billion for crude-by-rail (Energy) and \$680 million for contingency and disaster assistance (Treasury Board and Finance).

## Schedule 25: Historical Fiscal Summary, 2008–09 to 2022–23<sup>a</sup>

(millions of dollars)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
<b>Statement of Operations</b>															
Revenue															
1 Personal income tax	8,708	7,877	7,631	8,563	9,621	10,537	11,042	11,357	10,763	10,775	11,874	11,990	12,619	13,451	14,335
2 Corporate income tax	4,252	4,754	3,334	3,678	4,756	5,488	5,796	4,195	3,769	3,448	4,871	4,177	4,614	5,031	5,388
3 Other tax revenue	3,817	3,746	3,820	4,099	4,333	4,500	4,598	5,168	5,649	6,538	6,833	5,766	5,803	5,991	6,207
4 Resource revenue	11,915	6,768	8,428	11,636	7,779	9,578	8,948	2,789	3,097	4,980	5,429	6,527	5,386	6,738	8,591
5 Investment income	(1,888)	3,541	2,486	2,168	2,595	3,423	3,113	2,544	3,698	3,126	2,349	2,585	2,697	2,893	3,009
6 Premiums, fees and licences	3,356	2,857	2,922	2,931	3,184	3,437	3,564	3,574	3,701	3,839	3,911	3,872	4,047	4,131	4,241
7 Other own-source revenue	4,587	4,627	4,903	5,128	5,234	5,412	6,438	5,850	3,637	6,982	6,344	5,899	6,030	5,968	6,026
8 Total own-source revenue	34,747	34,170	33,524	38,203	37,502	42,375	43,499	35,477	34,314	39,688	41,611	40,816	41,196	44,203	47,797
9 Federal transfers	4,578	5,342	5,452	5,192	5,042	7,059	5,982	7,142	7,979	7,606	8,013	9,200	8,883	9,426	9,746
10 Total Revenue	39,325	39,512	38,976	43,395	42,544	49,434	49,481	42,619	42,293	47,295	49,624	50,016	50,079	53,629	57,543
Expense by Function															
11 Health	13,674	14,636	15,393	16,284	17,254	17,967	19,366	20,115	20,687	21,239	21,921	22,155	22,262	22,228	22,259
12 Basic / advanced education	10,438	11,067	11,362	11,951	12,394	12,782	13,103	13,673	14,110	14,471	14,848	14,541	14,405	14,314	14,207
13 Social services	3,417	3,807	4,129	4,278	4,641	4,668	4,548	4,752	5,198	5,592	5,867	6,301	6,219	6,232	6,263
14 Other program expense	10,386	9,734	9,269	9,683	10,528	11,600	12,395	10,375	12,607	13,189	11,918	13,795	10,931	11,002	11,015
15 Total program expense	37,915	39,344	40,327	42,366	44,817	48,387	48,048	48,915	52,602	54,491	54,554	56,792	53,817	53,776	53,744
16 Debt servicing costs	208	214	472	509	530	601	722	776	1,018	1,420	1,971	2,265	2,520	2,780	3,013
17 Pension provisions	2,133	430	439	634	296	748	(404)	(630)	(543)	(593)	(190)	(337)	(375)	(324)	(248)
18 Total Expense	40,256	39,988	41,238	43,509	45,643	49,736	48,366	49,061	53,077	55,318	56,335	58,720	55,962	56,232	56,509
19 Surplus / (Deficit) - less revenue forecast allowance in 2022-23	(931)	(476)	(2,262)	(114)	(3,099)	(302)	1,115	(6,442)	(10,784)	(8,023)	(6,711)	(8,704)	(5,883)	(2,603)	584
Capital Plan <sup>b</sup>	7,943	8,000	7,544	6,884	6,062	5,770	6,181	6,558	6,578	9,021	6,057	6,206	6,571	5,996	5,407
<b>Statement of Financial Position (at March 31)</b>															
20 Heritage / endowment funds	16,900	17,077	17,500	17,936	18,176	18,562	18,860	19,262	19,836	20,306	20,700	20,607	21,059	21,577	22,122
21 Contingency Account	16,822	14,983	11,192	7,497	3,326	4,658	6,529	3,625	2,299	1,661	6,342	-	-	-	-
22 Other financial assets	28,868	30,338	30,799	32,972	34,734	40,039	40,688	41,138	44,152	49,010	48,701	52,188	53,290	56,227	59,993
23 Taxpayer-supported Capital Plan liabilities	(880)	(2,888)	(3,199)	(3,442)	(4,594)	(8,724)	(11,922)	(19,040)	(23,769)	(29,339)	(33,597)	(36,983)	(41,499)	(45,364)	(48,800)
24 Taxpayer-supported operating debt / pre-1992 TPP debt	(1,160)	(2,279)	(2,015)	(1,676)	(1,426)	(1,333)	(1,053)	(1,024)	(10,751)	(19,227)	(29,060)	(34,807)	(39,352)	(41,682)	(44,467)
25 Self-supported debt	(7,921)	(9,300)	(11,010)	(12,707)	(14,116)	(15,775)	(16,592)	(17,373)	(17,822)	(17,848)	(18,134)	(18,381)	(19,039)	(19,877)	(20,961)
26 Total Debt	(9,961)	(14,467)	(16,224)	(17,825)	(20,136)	(25,832)	(29,567)	(37,437)	(52,342)	(66,414)	(80,791)	(90,171)	(99,890)	(106,923)	(114,228)
27 Pension obligations	(10,239)	(9,483)	(9,922)	(10,556)	(10,852)	(11,600)	(11,196)	(10,566)	(10,023)	(9,430)	(9,240)	(8,903)	(8,528)	(8,204)	(7,956)
28 Other liabilities	(10,689)	(11,131)	(11,692)	(11,033)	(10,793)	(12,795)	(12,260)	(12,141)	(12,823)	(14,477)	(13,189)	(10,347)	(9,649)	(9,596)	(6,325)
29 Net Financial Assets / (Debt)	31,701	27,317	21,653	18,991	14,455	13,032	13,054	3,881	(8,901)	(19,344)	(27,477)	(36,626)	(43,718)	(46,919)	(46,394)
30 Capital / non-fin. assets - less defer. contrib. starting 2012-13	30,275	34,217	37,607	40,122	39,517	40,839	42,197	44,661	46,622	49,015	50,744	51,189	52,398	52,996	53,055
31 Net Assets <sup>c</sup>	61,976	61,534	59,260	59,113	53,972	53,871	55,251	48,542	37,721	29,671	23,267	14,563	8,680	6,077	6,661

<sup>a</sup> Numbers are not strictly comparable due to numerous accounting policy changes over time. Examples include reporting certain items (transfers through the tax system, crude oil marketing and transportation costs, allowance for corporate income tax doubtful accounts) as expense, instead of netting the amounts from related revenue, increasing both revenue and expense, but not impacting the surplus / (deficit). 2015-16 revenue includes \$84 million in donations to post-secondary and health authority endowments, which were not reported as revenue in prior years but rather as "adjustments to net assets." 2015-16 revenue and expense have been increased by \$119 million to correct a consolidation adjustment eliminating those amounts at year-end, with no deficit impact. 2016-17 revenue and expense have been reduced by \$111 million resulting from an accounting treatment change such that drug cost rebates under Product Listing Agreements are netted from operating expense instead of being reported as revenue and gross expense.

<sup>b</sup> Reflects capital grants and other support included in expense, and capital investment in government-owned assets not included in expense. Capital investment adds to capital assets, which are depreciated over time through amortization expense. Numbers for 2008-09 to 2013-14 are estimates as details required to consolidate SUCH capital spending with full accuracy are not readily available.

<sup>c</sup> The change in net assets year over year does not match the surplus / (deficit) exactly in most years, due to various balance sheet adjustments, most of which are minor. A significant adjustment reducing net assets by \$2 billion was made in 2012-13, to recognize the accumulated deferred capital contribution liability when the accounting standard was adopted.

# Fiscal Plan

## Response to the Auditor General

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## Response to the Auditor General – February 2018

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AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><b>Alberta Advanced Education – Report on Post-Secondary Institutions</b></p> <p><i>Consistently enforce purchasing procedures</i></p> <p>We recommend that the Alberta College of Art + Design enforce consistent compliance with its purchasing procedures.</p> <p><i>Strengthen controls supporting key financial and business processes</i></p> <p>We recommend that MacEwan University improve its processes for management to regularly communicate to the board of governors and its committees the adequacy and operating effectiveness of the university's internal control environment.</p> <p><i>Promptly remove system user access of terminated employees</i></p> <p>We recommend that Northern Lakes College consistently apply procedures to promptly remove terminated employees' system access.</p> <p><b>Alberta Education – Processes to Manage the Student Class Size Initiative</b></p> <p><i>Develop an action plan and improve monitoring and reporting processes</i></p> <p>If the Department of Education continues the Class Size Initiative, the department should develop an action plan and improve processes to regularly monitor and report on the initiative.</p>	<p><b>Accepted.</b> The Alberta College of Art + Design has provided a written plan to address the implementation of the enforcement of the purchasing procedures. This recommendation was implemented in October 2018.</p> <p><b>Accepted.</b> MacEwan University is working with the board of governors and audit committee to identify the information required on the adequacy and operating effectiveness of the internal control environment.</p> <p><b>Accepted.</b> Northern Lakes College has established appropriate procedures to remove terminated employees' system access. This recommendation was implemented in May 2019.</p> <p><b>Accepted.</b> The Department of Education developed an action plan to strengthen the accountability and reporting mechanism for class size funding. An annual reporting template was developed to report how class size funding is deployed within school board jurisdictions. The new reporting requirements were implemented for the 2018-19 school year.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><b>Alberta Energy – Alberta Petroleum Marketing Commission's Management of Agreement to Process Bitumen at the Sturgeon Refinery</b></p> <p><i>Develop processes for risk management and staff capacity, and ensure board oversight</i></p> <p>We recommend that:</p> <ul style="list-style-type: none"> <li>the Alberta Petroleum Marketing Commission develop and document effective processes for managing risk and for ensuring the commission has sufficient expertise to manage its business arrangements</li> <li>the board of directors exercise oversight by ensuring the Alberta Petroleum Marketing Commission has these processes in place.</li> </ul> <p><i>Improve reporting to Albertans</i></p> <p>We recommend that the Alberta Petroleum Marketing Commission prepare a business plan and an annual report that are made publicly available to Albertans. The APMC must be able to demonstrate it has given appropriate consideration to the nature and extent of information it will share with Albertans.</p> <p><i>Establish performance measures and targets</i></p> <p>We recommend that the Alberta Petroleum Marketing Commission develop performance measures, set targets and compare results against planned performance.</p> <p><i>Complete a lessons-learned analysis</i></p> <p>We recommend that the Alberta Petroleum Marketing Commission complete an analysis of the lessons learned from its significant agreements, at a point in time when the commission deems it useful to do so.</p>	<p><b>Accepted.</b> The Alberta Petroleum Marketing Commission (APMC) will work with its board of directors to develop and implement a formalized risk management process. The board will exercise its oversight to ensure appropriate processes are in place. APMC will complete an organizational design and staffing strategy consistent with the transition of the Sturgeon Refinery to operations.</p> <p><b>Accepted.</b> APMC will, following discussions with the Department of Energy, and as necessary others responsible for business plan and annual reporting, give appropriate consideration to what is to be reported and prepare public reports accordingly.</p> <p><b>Accepted.</b> APMC will work with its board of directors to develop performance measures, targets and results measurement.</p> <p><b>Accepted.</b> APMC will work with its board of directors to complete an analysis of lessons learned.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><b>Alberta Environment &amp; Parks – Design of Systems to Manage the Climate Leadership Plan and Adaptation</b></p> <p><i>Develop and use an implementation plan, improve quality of the monitoring data and report on the total cost</i></p> <p>We recommend that the Department of Environment and Parks:</p> <ul style="list-style-type: none"> <li>• develop and use comprehensive implementation plans for the Climate Leadership Plan and for each of its programs</li> <li>• implement efficient processes to sufficiently reduce the risk that the data used to monitor and report on progress is not accurate or complete</li> <li>• provide clear and complete reporting on the expected and actual costs of programs and the Climate Leadership Plan overall.</li> </ul>	<p><b>Accepted.</b> The Department of Environment and Parks has completed an overarching implementation plan for the 2018-19 fiscal year, which was publicly released in June 2018.</p> <p>In addition, the department:</p> <ul style="list-style-type: none"> <li>• has streamlined planning and reporting processes to improve the quality of the progress monitoring data;</li> <li>• has initiated requests for quarterly updates for the implementation plan, which began in July 2018;</li> <li>• has improved the completeness of its reporting in the 2017-18 Progress Report; and</li> <li>• will use the standard quarterly forecast update process to compile all related financial updates and year end actuals.</li> </ul> <p>For the 2017-18 Progress Report, improvements have been made in how program costs are reported.</p>
<p><b>Alberta Health – Pure North Grants</b></p> <p><i>Improve conflict of interest processes</i></p> <p>We recommend that the department improve its conflict of interest processes by:</p> <ul style="list-style-type: none"> <li>• improving the supplementary code to clearly outline the disclosure requirements of the deputy minister</li> <li>• centrally managing conflicts in the department to ensure adherence to the conflict of interest policies</li> <li>• providing advice to department staff on conflict of interest matters when necessary.</li> </ul>	<p><b>Accepted.</b> The Department of Health will:</p> <ul style="list-style-type: none"> <li>• review and make improvements to the supplementary code so that it outlines the disclosure requirements for the deputy minister and associate deputy minister;</li> <li>• develop a central process to manage disclosed conflicts that efficiently and effectively support compliance with the supplementary code; and</li> <li>• outline and communicate options for all department staff to receive advice concerning conflict of interest matters, when necessary.</li> </ul> <p>This recommendation was implemented in January 2019.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><b>Alberta Transportation – Commercial Vehicle Safety Follow-Up</b></p> <p><i>Progressive sanctions – repeated</i></p> <p>We recommend for the third time that the Department of Transportation consistently comply with its policy to take disciplinary and enforcement action against non-compliant carriers.</p> <p><b>Alberta Treasury Board and Finance – Various Ministries – Travel, Meal and Hospitality Expenses of the Premier, Ministers and Their Staff</b></p> <p><i>Improve processes for preparing, reviewing and publicly disclosing travel, meal and hospitality expenses</i></p> <p>We recommend that the Department of Indigenous Relations improve its processes to prepare, review and publicly disclose travel, meal and hospitality expenses.</p>	<p><b>Accepted.</b> The Department of Transportation has revised its policy and has made progress in ensuring consistent application of the revised policy to take disciplinary and enforcement action against non-compliant carriers. Streamlining the compliance and investigation processes had occurred during the 2018-19 fiscal year. The required internal quality assurance and evaluation of process changes to ensure policy alignment will be finalized in 2019-20.</p> <p><b>Accepted.</b> The Department of Indigenous Relations initiated the following steps to improve its processes:</p> <ul style="list-style-type: none"> <li>• the Minister's office has set up a process to have procurement card purchases reconciled by the middle of the following month and is following a "Best Practices Guide";</li> <li>• trip details are being entered into the calendars including hotel confirmations, attendees and purpose of the meetings;</li> <li>• training has been provided on appropriate expense policies and procedures;</li> <li>• a set of checklists and forms has been developed based on best practices; and</li> <li>• internal review processes have been developed to review expenses that are on the travel and expense disclosure site.</li> </ul>

## Response to the Auditor General – November 2018

The Auditor General reports on the scope and findings of the work carried out by the Office of the Auditor General. The following are the recommendations in the Auditor General's report titled *Report of the Auditor General of Alberta – November 2018* and the government's response to each of them.

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><b>Performance Audits</b></p> <p><b>Alberta Agriculture and Forestry – Wildfire Management – Processes for Prevention and Review and Improvement</b></p> <p><i>Ensure processes are in place to evaluate and report on wildfire prevention program</i></p> <p>We recommend that the Department of Agriculture and Forestry:</p> <ul style="list-style-type: none"> <li>publicly report on its FireSmart programs, including how this work helps reduce wildfire hazard and risk</li> <li>ensure there are processes in place to measure, monitor and report on the results and effectiveness of the various activities set out in the forest areas' annual wildfire prevention plans.</li> </ul> <p><i>Comply with business rules for internal reviews reporting and establish and monitor implementation timelines for recommendations from external reviews</i></p> <p>We recommend that the Department of Agriculture and Forestry:</p> <ul style="list-style-type: none"> <li>comply with its established business rules for internal results reporting for the review and improvement program</li> <li>establish and monitor implementation timelines for recommendations and opportunities for improvement from independent external reviews and publicly report implementation progress against these.</li> </ul>	<p><b>Accepted.</b> The Department of Agriculture and Forestry:</p> <ul style="list-style-type: none"> <li>will produce an annual report to provide information on FireSmart initiatives. The report will be available by Fall 2019; and</li> <li>has developed a standardized wildfire prevention plan by 2019. The implementation of the plan will be measured and monitored by staff. The results will be reported annually with the first reporting in Winter 2019-20.</li> </ul> <p><b>Accepted.</b> The Department of Agriculture and Forestry will conduct annual reporting of results from internal reviews. The reviews were conducted according to enhanced wildfire management program business rules, which were in place by Spring 2019.</p> <p>Enhanced status updates for independent external reviews have been developed. The information is available on the department's website annually.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><b>Alberta Environment and Parks – Systems to Manage and Report on the Oil Sands Monitoring Program Follow-up</b></p> <p><i>Improve annual reporting process</i></p> <p>We recommend that the Department of Environment and Parks, working with Environment and Climate Change Canada, improve processes to ensure the annual report on the oil sands monitoring program is complete, accurate, clear, and timely.</p>	<p><b>Accepted.</b> Meetings about the content of the annual report have been held with the Government of Canada, and key changes in content will be reflected in the 2018-19 annual report. Audit report findings will be presented to the corporate services division of the affected ministries to outline a path and solutions to address the recommendation.</p> <p>With the establishment of the Program Office in 2018-2019 to administer the Oil Sands Monitoring Program, key capacity will be acquired with inherent stability to improve governance and reporting of the monitoring system in the oil sands region. A plan to implement the recommendation was completed in February 2019.</p>
<p><b>Alberta Labour: Systems to Update Alberta's Workforce Strategies</b></p> <p><i>Report on results of workforce strategies</i></p> <p>We recommend that the Department of Labour regularly measure and report on the results of its current workforce strategies, including lessons learned.</p>	<p><b>Accepted.</b> The Department of Labour recognizes that measurement and reporting of its workforce strategies can be improved to ensure they continue to be effective and efficient in changing circumstances. Several projects are currently underway that will support measurement and reporting of current workforce strategies. A plan to implement the recommendation was completed in February 2019.</p>
<p><b>Service Alberta: Contract Management Processes</b></p> <p><i>Improve performance measurement processes</i></p> <p>We recommend that the Department of Service Alberta develop processes to improve its measuring, monitoring, and reporting of the performance of its large and complex contracts.</p>	<p><b>Accepted.</b> The Department of Service Alberta has implemented the recommendation in the new SuperNet contract, which clearly identifies service level metrics, monitoring and reporting requirements. The new contract also outlines enforceable penalties for non-performance or failure to comply with key deliverables and milestones.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><i>Improve compliance processes</i></p> <p>We recommend that the Department of Service Alberta develop processes to improve its monitoring and enforcement of contract compliance to ensure that the desired results of the contract are achieved.</p> <p><i>Incorporate lessons learned</i></p> <p>We recommend that the Department of Service Alberta develop processes to improve its evaluation of contracts and implement risk mitigation strategies and lessons learned where required.</p>	<p><b>Accepted.</b> The Department of Service Alberta developed a plan in April 2019 to improve its monitoring and enforcement of contract compliance in the new SuperNet contract.</p> <p><b>Accepted.</b> The Department of Service Alberta implemented more robust risk and issue management processes during the evaluation process of the new SuperNet request for proposals.</p>
<p><b>Financial Statement Audits</b></p> <p><b>Alberta Advanced Education – University of Calgary</b></p> <p><i>Improve internal controls program to mitigate key financial risks</i></p> <p>We recommend that the University of Calgary improve the design and effectiveness of its internal controls program to mitigate key financial risks.</p> <p><b>Alberta Advanced Education – Keyano College</b></p> <p><i>Improve financial reporting processes - repeated</i></p> <p>We again recommend that Keyano College improve its financial reporting by:</p> <ul style="list-style-type: none"> <li>• training staff on Canadian public sector accounting standards</li> <li>• improving its monitoring and reviewing process to ensure that financial information is accurate.</li> </ul>	<p><b>Accepted.</b> The University of Calgary has developed an Internal Controls Program Plan and is in the process of implementing the plan. Results of testing high risk controls will be reported to the audit committee in March 2020. Going forward, reporting to the audit committee will be completed on a quarterly basis.</p> <p><b>Accepted.</b> Keyano College is in the process of developing a plan to improve financial reporting policies and processes. The plan is expected to be finalized by July 2020.</p>



AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><i>Improve systems to ensure compliance with legislation – repeated</i></p> <p>We again recommend that Keyano College implement systems to:</p> <ul style="list-style-type: none"> <li>• understand what legislation it must comply with</li> <li>• develop appropriate policies, procedures, and controls to ensure compliance with legislation</li> <li>• monitor and report non-compliance to senior management and the audit committee.</li> </ul>	<p><b>Accepted.</b> Keyano College is planning to have its first Legislative Compliance Report issued to the College Board of Governors in 2020. This recommendation is expected to be implemented by July 2020.</p>
<p><b>Alberta Economic Development and Trade</b></p> <p><i>Improve financial reporting system controls</i></p> <p>We recommend that Alberta Innovates improve user access controls and segregate incompatible duties within the financial reporting system.</p>	<p><b>Accepted.</b> Alberta Innovates has developed and implemented a robust process around user access controls within the financial reporting system.</p>
<p><b>Alberta Education</b></p> <p><i>Improve monitoring, assessing, and reporting processes on school jurisdictions' accumulated reserve balances</i></p> <p>We recommend that the Department of Education improve its processes to monitor, assess, and report on school jurisdictions' accumulated operating reserves.</p>	<p><b>Accepted.</b> The Department of Education has created a Knowledge of Business document for the purpose of clarifying processes related to reserve balances.</p> <p>Recognizing that the department and school jurisdictions operate within a shared governance environment, with school jurisdictions having significant flexibility to spend and save funding allocated to them, the department will improve its consistency in the internal processes developed and used to monitor, assess and report on school jurisdictions' accumulated operating reserves while continuing to focus on material risks and school jurisdictions.</p> <p>The government is considering developing policy options regarding school board reserves.</p>
<p><b>Alberta Energy</b></p> <p><i>Improve controls over the cash-flow model</i></p> <p>We recommend that the Alberta Petroleum Marketing Commission implement stronger access and change-management control procedures to ensure that access and changes to the financial model are working in a controlled and consistent manner.</p>	<p><b>Accepted.</b> The Alberta Petroleum Marketing Commission implemented a stronger procedure to document existing and changing access to the financial model. Procedure documents were developed in January 2019.</p>

AUDITOR GENERAL'S RECOMMENDATIONS	GOVERNMENT'S RESPONSE
<p><i>Improve controls over the cash-flow model</i></p> <p>We recommend that the Alberta Petroleum Marketing Commission improve its method for supporting, updating, and documenting assumptions and key judgements applied to its model analysis.</p> <p><b>Alberta Health – Alberta Health Services</b></p> <p><i>Fees and charges – repeated</i></p> <p>We again recommend that Alberta Health Services:</p> <ul style="list-style-type: none"> <li>• reinforce its admission policies to ensure consistent application</li> <li>• review its controls over the processes that generates fees and charges revenue to ensure they are appropriately designed, consistent across regions and aligned with current policies.</li> </ul>	<p><b>Accepted.</b> The Alberta Petroleum Marketing Commission implemented a stronger change management control procedure for updating key assumptions within the model and stronger documentation standards to support transparency to areas where management opinion/judgement has been applied. Procedure documents were developed in January 2019.</p> <p><b>Accepted.</b> Alberta Health Services (AHS) will implement this recommendation with the deployment of a unified admitting and billing software system, as part of ConnectCare. This will standardize the admission process across the province in a more efficient and effective way. Implementation will span from the Fall of 2019 to the Fall of 2022.</p> <p>In the interim, AHS will implement several additional controls using existing admitting reports to minimize the risk of incorrect registration information. These include the following controls:</p> <ul style="list-style-type: none"> <li>• admission reports in use by AHS registration area systems are all in compliance with provincial standards;</li> <li>• registration will perform scheduled reviews of all listed admission system reports;</li> <li>• a provincial sign-off process is now in place to document compliance with the admissions report process;</li> <li>• training on provincial standards manual is now mandated through AHS' staff education program; and</li> <li>• all managers will be required to follow the established admission policies, processes and procedures.</li> </ul>



BUDGET 2019

GOVERNMENT OF ALBERTA | 2019–23

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# Strategic Plan



Alberta





## Premier's Message

Albertans elected a new government this year that promised to deliver on 375 commitments under three priorities: getting Albertans back to work, making life better for Albertans, and standing up for Alberta. In just our first 100 days, we met 58 commitments and were working on another 10.

This Strategic Plan continues to build on that foundation and momentum as we work over the next three years to achieve all the commitments we made to Albertans. Under the same three priorities, this plan has been built to support economic growth, protect health and education, strengthen the justice system and create better communities.

The first priority is still getting Albertans back to work. Broad-based tax relief and a sensible approach to regulation will lead to renewed investment, jobs and economic growth.

A strong economy will provide the provincial revenues to support the second priority in this plan: making life better for Albertans. The plan outlines how we will deliver excellent education, top-quality health care and support for our most vulnerable. We also will work to build Indigenous partnerships, safe and growing communities and a fairer and more effective justice system.

Standing up for Albertans remains a key third priority. Under this plan, we will continue working to get pipelines built, stand up against foreign-funded influences that aim to cripple our energy industry, and get a fair deal for Alberta in Confederation. Balancing the budget and living within our means will put us on a sound financial path.

In its 114 years, Alberta has faced many challenges: the fight for control of our natural resources, the Great Depression, two world wars, boom-and-bust economic cycles, the National Energy Program, and climbing out of debt in the early 1990s. Alberta has come out of each challenge stronger, more determined and more successful.

I am confident that, by following this Strategic Plan, we will come out of the next three years with a more prosperous Alberta where people are working, education is first-class, health care is there when people need it, and we have the respect of the country for our contributions to Confederation.

I encourage you to hold this government to account for meeting the goals and outcomes set out in this strategic plan. Know that we see you as a partner on this three-year journey, and everything we accomplish, we do together.

*[original signed by]*

**Jason Kenney**  
Premier of Alberta

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## Vision

This government is focused on getting Alberta's economy back to work.

This plan has been built to support economic growth, protect health and education, strengthen the justice system and create better communities by making Alberta more open, innovative and sustainable.

## Three Key Priorities

### Getting Alberta back to work

Alberta is open for business. This plan is built on broad-based tax relief that supports economic growth and job creation. We are showing the world that Alberta is the best place to invest and do business through low taxes and a sensible approach to regulation.

### Making life better for Albertans

Ensuring the quality and effectiveness of public services, especially in health, safety and education, and supporting the most vulnerable. These are the priorities that have guided the development of this plan.

### Standing up for Alberta

Provinces hold the right to control and develop their natural resources and compete freely and fairly in the national and international economies. This plan relies upon that right and invests in its protection.

## Priority One

# Getting Alberta back to work

### Our Objectives

This government has promised it will help get Alberta back to work. The province is now on track to be the most tax-competitive jurisdiction for businesses in Canada and among the most attractive investment destinations in North America. Further, this government is committed to a smart approach to innovation, making Alberta a magnet for investment in new technologies and economic diversification.

1. Changing the tax structure to stimulate growth and attract investment
2. Making Alberta open for business
3. Reducing red tape
4. Building public infrastructure
5. Revitalizing and sustaining key industries
6. Making Alberta more dynamic, innovative and sustainable

---

Alberta is open for business. This plan is built on a broad-based tax relief that supports economic growth and job creation. We are showing the world that Alberta is the best place to invest and do business by bringing a sensible approach to regulation.

#### Objective 1 | **Changing the tax structure to stimulate growth and attract investment**

Priority one of this government was to repeal the carbon tax. Repealing the carbon tax will save Albertans more than \$1.4 billion in tax relief and will help to create thousands of new jobs. In addition, the Job Creation Tax Cut will lower the corporate tax rate from 12 per cent to eight per cent by 2022 making it the lowest in the country, attracting investment and creating thousands of jobs to Alberta.

##### **Actions**

- Bill 1, the *Carbon Tax Repeal Act*
- Job Creation Tax Cut

#### Objective 2 | **Making Alberta open for business**

This government will give Alberta workers more freedom, restore their right to a secret ballot and bring balance back to Alberta's labour laws so job creators want and have the power to invest in Alberta.

##### **Actions**

- Develop a vision for Alberta's economic future and a strategy to foster an economy that creates jobs while rebuilding Alberta's reputation as the best and most responsible place to do business
- Incentivize the creation of youth employment and retain the minimum wage
- Bring balance back to Alberta's labour laws and restore workplace democracy
- Form a procurement council – a joint effort of government and business/industry to examine innovation and efficiency in the government's procurement methods. Refresh policy on major procurement to achieve the best value for money

#### Objective 3 | **Reducing red tape**

This government is taking action on red tape reduction to make Alberta one of the freest and fastest-moving economies in the world. The *Red Tape Reduction Act* will cut red tape by one-third, lower the regulatory barriers on Alberta businesses, reduce unnecessary costs and create jobs.

##### **Actions**

- Enact the *Red Tape Reduction Act*
- Create a Red Tape Challenge Website at StopRedTape.ca to crowdsource input for regulations that need be improved, kept or eliminated
- Reduce interprovincial barriers to free trade



## Objective 4 | Building public infrastructure

Alberta needs to plan and build infrastructure to meet the needs of our future population. This government will focus on infrastructure investments that support key public services and helps build the economy like health, education and transportation.

### Actions

- Reform the legislative framework for capital funding to municipalities
- Redefine the government's inventory of land assets to include the broader public sector and create a policy that will define surplus assets
- Stabilize and rationalize the allocation of Capital Maintenance and Renewal (CMR) spending
- Bring Alberta's net public capital stock in-line with the average per-capita stock in other provinces over the next 10 years

## Objective 5 | Revitalizing and sustaining key industries

This government believes that maintaining Alberta's sustainable development is vital to Alberta's prosperous economic future. Key industries include oil and gas, agriculture, forestry and tourism.

### Actions

- Support job creation in oil and gas by improving regulations and restoring Alberta's reputation with investors as a global leader in the energy industry
- Help farmers grow again by establishing an engagement process that will let them voice their opinions and provide feedback to shape future farm and ranch workplace legislation
- Sustain funding for tourism promotion and marketing through partnerships with the private sector
- Protect, promote, and partner with Alberta's forestry workers and companies to create economic opportunities in Alberta's forestry sector

## Objective 6 | Making Alberta more dynamic, innovative and sustainable

The government will streamline programs and use a smarter approach to innovation to modernize our economy, create the best environment of businesses in Canada and get Albertans back to work.

### Actions

- Implement the Technology Innovation and Emissions Reduction (TIER) Fund
- Develop a plan to reduce power prices so Alberta's electricity market is affordable for consumers and job creators, and produces market-driven green energy
- Implement the Alberta Advantage Immigration Strategy to attract newcomers who will start business, invest, and create jobs in the province
- Adopt a smart approach to innovation and make Alberta the preferred choice of global high-tech investment
- Support investment in new technologies including artificial intelligence, health sciences, geothermal energy, and information technology

## Economic Indicators



2018-19 RESULT

**6.7% Average Unemployment**

TARGET | **DECREASE**

### Percentage of Labour Force Not Employed

The number of unemployed persons (15 years and over) expressed as a percentage of the labour force. Alberta's unemployment rate was higher than Canada's average rate of 5.8 per cent in 2018-19. This government started its term with relatively high unemployment.



2019 RESULT

**11.0% Corporate Tax Rate**

TARGET | **DECREASE**

### Job Creation Tax Cut

Making Alberta businesses more competitive by lowering taxes to eight per cent by 2022 – the lowest in Canada.



2019 ESTIMATE

**\$52.7 Billion Private Investment**

TARGET | **INCREASE**

### Business Investment in Plant and Equipment

Business investment in plant and equipment has dropped by more than \$40 billion since 2014. Measures, to improve the business environment, including the Job Creation Tax Credit and Red Tape Reduction, will encourage more investment in the province.

## Priority Two

# Making life better for Albertans

### Our Objectives

Making life better for Albertans is an all-encompassing task. This government is committed to providing quality health care to all Albertans, ensuring our children and young adults receive an excellent education, partnering with Indigenous Peoples, building our communities and keeping them safe, making our justice system more effective, and protecting the most vulnerable among us.

1. Getting Albertans the high-quality health care they deserve
2. Strengthening quality education that delivers the best possible outcomes
3. Supporting vulnerable Albertans
4. Enhancing the justice system to make it fairer, faster and more effective
5. Building better communities
6. Partnering with Indigenous Peoples to pursue opportunities

---

Ensuring the quality and effectiveness of public services, especially in health, safety and education, and supporting the most vulnerable. These are the priorities that have guided the development of this plan.

#### Objective 1 | **Getting Albertans the high-quality health care they deserve**

The government will empower strong, strategic leadership to transform the current health system by engaging health professionals, stakeholders and the public to achieve better outcomes for Albertans.

##### **Actions**

- Improve the current health system by comparing outcomes and results to other provinces and engaging health professionals and the public to establish better outcomes
- Reduce surgical wait times
- Deal with the growing opioid addiction crisis with a new Opioid Response Strategy
- Invest \$100 million over four years to implement a Mental Health and Addiction Strategy
- A sensible, targeted and compassionate approach to the issue of supervised consumption sites
- Increase access to palliative care to alleviate suffering

#### Objective 2 | **Strengthening quality education that delivers the best possible outcomes**

This government will work with parents, teachers, principals and trustees to make Alberta's schools diverse and excellent places to learn. The government will continue to build post-secondary education as the foundations of a strong Alberta economy and a vibrant province.

##### **Actions**

- Amend the *Education Act* to improve student success, strengthen parental rights, enhance local decision-making for school boards, increase education choice and improve accountability within the system
- Review and update the current K–12 education funding formula to ensure enrolment growth is addressed; and decrease the percentage of government funding going to administration and governance
- Set overall future direction, goals and appropriate governance modes for the post-secondary system

#### Objective 3 | **Protecting vulnerable Albertans**

The government will protect the most vulnerable Albertans with legislation and increased funding for Alberta's specialized law enforcement agencies that combat domestic violence, stalkers, child exploitation and abuse, gang activity, and drug trafficking.

##### **Actions**

- Implement an Alberta Action Plan to Combat Human Trafficking
- Passing an Alberta version of 'Clare's Law' to reduce domestic and partner violence
- Protect minority communities through the establishment of the Security Infrastructure Program

- Make life better for seniors and their caregivers by maintaining low income benefits and through civil society partnerships
- Enact policies that support the desires, dignity, and choices of Albertans with disabilities

#### Objective 4 | **Make the justice system fairer, faster and more effective**

This government will protect the safety of Albertans by making the justice system fairer, faster, and more effective. Albertans deserve a justice system that protects them, their loved ones and their property.

##### **Actions**

- Hire 50 new prosecutors and support staff
- Crack down on crime by enacting the *Public's Right to Know Act*
- Fight rural crime with stronger laws, more prosecutors and more police
- Increase access to drug treatment courts

#### Objective 5 | **Building better communities**

The government will support and fund local services and projects, ensure the availability of more affordable houses, support creative industries and restore public trust on property rights.

##### **Actions**

- Give municipalities more autonomy and predictability while ensuring transparency for voters
- Build more affordable houses for those in need including seniors requiring specialized housing
- Develop arts and culture through facilitated collaboration with philanthropists and private businesses
- Protect Albertans' property rights through a new *Alberta Property Rights Protection Act* and reviewing all existing legislation
- Review Alberta Environment and Parks legislation to modernize it for the 21st century

#### Objective 6 | **Partnering with Indigenous Peoples to pursue opportunities**

The government will partner with Alberta's Indigenous Peoples in pursuit of reconciliation, inclusion and opportunity.

##### **Actions**

- Include Alberta's Indigenous communities in our "Stand Up for Alberta" strategy to help energy projects and Indigenous communities both succeed and prosper
- Establish the Alberta Indigenous Opportunities Corporation to work towards Indigenous Peoples' ownership in major resource projects
- Advocate for a federal Aboriginal consultation process that provides clear timelines and legal certainty for project proponents, consistent with the federal government's constitutional obligations
- Add economic development rights to the preamble of the Alberta Aboriginal Consultation policy to explicitly consider support from Indigenous communities for projects that impact them
- Work with the federal government to streamline how Indigenous Peoples access key services such as education and health care, including ensuring Indigenous students have access to a provincial education system (paid for with federal dollars) that enables students to succeed

## Economic Indicators



2018-19 RESULT

**79.6% Literacy | 66.6% Numeracy**  
Education

TARGET | **INCREASE**

Percent of students achieving acceptable standards on grade six and nine provincial achievement tests.



2018-19 RESULT

**0.05% Growth of Serious Crime Rate**

TARGET | **DECREASE**

**Public Safety**

Serious crime index has been increasing in Alberta for the past five years.



2018 RESULT

**13.8% Unplanned Readmissions to Hospital**

TARGET | **DECREASE**

**Health**

Medical patients with unplanned readmission to hospital within 30 days of discharge.

## Priority Three

# Standing up for Alberta

### Our Objectives

Albertans deserve to receive maximum value for our natural energy resources. This government will ensure Alberta gets the best value out of the province's energy products by not letting issues or influencers stand in the way. Further this government is committed to balancing the budget by 2022-23 supported in part by recommendations identified in the MacKinnon Panel report. (MacKinnon Panel report can be found on the website at <https://www.alberta.ca/mackinnon-report-on-finances.aspx>)

1. Getting pipelines built
2. Standing up to foreign influences on Alberta's natural resources
3. A fair deal for Alberta and a balanced budget

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According to the Constitution, Albertans are the owners of the Province's natural resources. Our federation must give Albertans the ability to compete freely and fairly in the national and international economies. This plan relies upon that right and invests in its protection.

#### Objective 1 | **Getting pipelines built**

Pipelines are how we get our oil and gas to market for sale. The lack of pipeline capacity causes the price for our oil to go down and prevents further investment. This government will pursue every possible pipeline project to get our oil and gas to market.

##### **Actions**

- File a constitutional challenge to strike down Bill C-69 - *An Act to enact the Impact Assessment Act and the Canadian Energy Regulator Act, to amend the Navigation Protection Act and to make consequential amendments to other Acts*
- Use the *Preserving Canada's Economic Prosperity* legislation should provinces, including British Columbia, continue to obstruct the construction of pipelines
- Build an interprovincial coalition of provinces which support jobs, pipelines, and our energy industry, making it a top issue in federal-provincial relations
- Hold a referendum on removing equalization from the *Constitution Act* on Oct. 18, 2021, if substantial progress is not made on construction of a coastal pipeline, and if Bill C-69 is not repealed

#### Objective 2 | **Standing up to foreign influences on Alberta's natural resources**

This government will also defend Alberta against well-funded foreign special interests who have been waging defamation campaigns to landlock Alberta's oil and gas.

##### **Actions**

- Establish the Canadian Energy Centre to respond in real-time to misinformation about Alberta's energy industry through paid, earned and social media
- Create a litigation fund to support pro-development First Nations in defending their right to be consulted on major energy projects
- Launch a public inquiry into the foreign sources of funds responsible for the campaign to land lock Alberta's energy



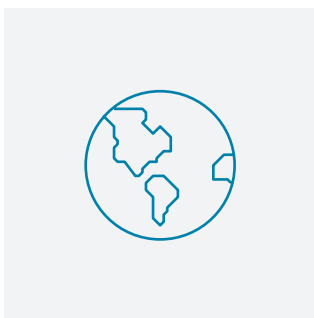
### Objective 3 | A fair deal for Alberta and a balanced budget

This government is committed to balance the budget by 2022-2023. Government is using recommendations from the MacKinnon Panel to develop a realistic plan to bring Alberta back to balance and to start paying down our debt. Albertans have contributed more than their fair share to Canada's economy. In exchange, we deserve and demand the right to develop our resources and sell them at a fair price. This government will stop encumbering future generations with debt.

#### **Actions**

- Ensure taxpayers dollars are used responsibly and wisely
- Pursue federal and provincial agreements on resource corridors
- Bring per capita spending in line with the average of comparator provinces
- Enhance government's fiscal planning, transparency and accountability
- Reduce the footprint of government, especially management and administrative costs
- Reduce overlap and duplication

## Economic Indicators



2018-19 RESULT

**3.1% Oil Market**

TARGET | **INCREASE**

### Oil Sands Supply Share of Global Oil Consumption

This is an indication of the competitiveness of oil sands products. 3.1 per cent of global oil consumption is supplied by Alberta's oil sands.



2018-19 RESULT

**\$28.2 Billion (est.) Recovery**

TARGET | **INCREASE**

### Upstream Energy Sector Investment

We have seen Alberta's oil and gas recovery lagged behind the world. The upstream investment dropped by 6 per cent in 2017-18, with an estimated 3 per cent decrease in 2018-19.



2017 RESULT

**\$13,819 Per Capita Spending**

TARGET | **DECREASE**

### Government Spending

Compared with three comparable provinces - BC, ON and QC, Alberta had the highest government spending per capita. Alberta will reduce cost per capita in line with other provinces over time while maintaining or improving outcomes for Alberta.

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# Ministry Business Plans

A plan for jobs  
and the economy

# Ministry Business Plans

A plan for jobs  
and the economy

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## Reader's Guide

As part of the Government of Alberta's commitment to be open and accountable to the public, as outlined in the *Fiscal Planning and Transparency Act*, all ministries are required to prepare and make public ministry business plans. The ministry business plan encompasses the department and all consolidated entities in its outcomes, key objectives, initiatives supporting key objectives, and performance metrics. Ministry business plans are aligned with the strategic direction of the Government of Alberta and include:

- Outcomes
- Key Objectives
- Initiatives Supporting Key Objectives
- Performance Metrics

Numbering of items in the above components of the business plan is done for ease of reference and does not indicate priority rankings.

Ministry business plans include budget information in the form of two tables:

The **Statement of Operations** includes revenue and expense for each of the ministry's major programs. Individual revenue and expense rows are presented on a gross ministry basis. Some ministries include an Inter-Ministry Consolidations row in order to present the ministry amounts on a consolidated basis as reported in the *Government of Alberta Fiscal Plan*. These adjustments are made to eliminate internal transfers and transactions between government entities (other than commercial entities) to avoid overstating revenue and expenses on a consolidated government basis.

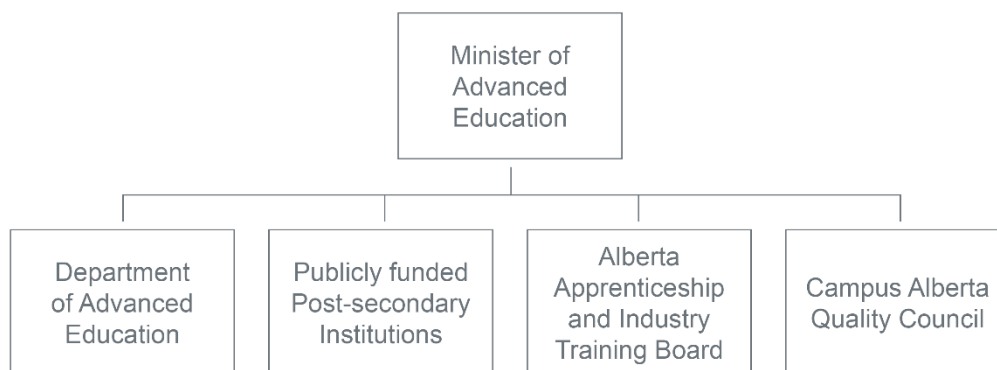
The **Capital Investment** table provides capital investment information for the ministry's major programs.

# Advanced Education

## Business Plan 2019–23

### Ministry Mandate and Structure

Advanced Education supports Albertans by providing education and training opportunities to prepare them for the workforce. Through Advanced Education’s investments in people, infrastructure, and research capacity, the post-secondary sector helps drive job creation, innovation, and the development of skilled and adaptive workers who contribute to a competitive Alberta economy. The ministry of Advanced Education consists of:



A more detailed description of Advanced Education and its programs and initiatives can be found at:

<https://www.alberta.ca/advanced-education.aspx>

### Ministry Outcomes

- Adult education, including expanded and strengthened apprenticeship opportunities, ensures Albertans have the skills to get good jobs in the current and future labour market
- The adult learning system is fiscally responsible and demonstrates effective governance and accountability for achieving system direction and goals
- Post-secondary institutions have the flexibility and freedom to innovate and compete

# Outcome 1

## What We Want To Achieve

### **Adult education, including expanded and strengthened apprenticeship opportunities, ensures Albertans have the skills to get good jobs in the current and future labour market**

Under the Skills for Jobs agenda, Advanced Education is committed to working with employers, learning providers and other stakeholders to ensure Albertans are competitive in the labour market. Through high-quality apprenticeship and university education, Albertans build the knowledge, skills and competencies needed for respected, well-paying careers.

## Key Objectives

- 1.1 Improve the effectiveness of apprenticeship programs, strengthen the apprenticeship model, and expand opportunities for the skilled trades.
- 1.2 Increase awareness of the value of skilled trades and encourage Albertans to pursue apprenticeship education to meet labour market demands.
- 1.3 Increase post-secondary institution accountability by measuring labour market outcomes of post-secondary programs.

## Initiatives Supporting Key Objectives

- Foundational Learning Support, costing \$93 million in 2019-20, provides formal and informal learning programs intended to help adult Albertans pursue further learning or find meaningful employment.
- The Women Building Futures program will be expanded with an additional \$10 million over four years to support women who wish to pursue opportunities in skilled trades.
- An allocation of \$1 million is dedicated for trades scholarships for 1,000 students who show promise in trades in high school; and, the \$1 million Alex Decoteau Veteran's Scholarship of Honour will be created to provide \$5,000 post-secondary scholarships to members of the Royal Canadian Forces from Alberta who have served in designated military operations.

# Performance Metrics

- 1.a Performance Indicator: Percentage of employers who report the recent post-secondary graduates that they supervise are prepared for employment** *(Results are collected from a biennial survey of employers who supervise recent graduates from publicly funded post-secondary institutions in Alberta. The first available result for reporting is from 2018.)*

2010	2012	2014	2016	2018
N/A	N/A	N/A	N/A	92%

- 1.b Performance Indicator: Percentage of post-secondary graduates who report being employed approximately two years after graduation** *(This metric describes the employment rate of recent post-secondary graduates who are in the labour force and not enrolled as full-time students. Results are collected from a biennial survey of graduates from publicly funded post-secondary institutions in Alberta.)*

2010	2012	2014	2016	2018
95%	96%	94%	92%	93%

- 1.c Performance Indicator: Percentage of apprentices surveyed between 5 and 18 months after graduation who report being employed** *(This metric describes the proportion of recent apprenticeship graduates in the labour force who are employed. Results are collected from a biennial survey of apprenticeship graduates in Alberta. The survey in 2015 was delayed by one year to 2016 in order to conduct a full review of the survey.)*

2009	2011	2013	2016	2018
94%	95%	96%	88%	87%

## Outcome 2

### What We Want To Achieve

**The adult learning system is fiscally responsible and demonstrates effective governance and accountability for achieving system direction and goals**

Alberta taxpayers make a significant investment in Alberta's post-secondary system and expect it to be fiscally responsible and accountable for value for investment. Government will work with institutions to drive transformation and forge partnerships to build prosperity for all Albertans.

### Key Objectives

- 2.1 Develop a more equitable and sustainable investment framework, considering tuition and fees, student aid, employer support and a new funding model.
- 2.2 Heighten transparency and accountability for outcomes through enhanced collection, analysis and dissemination of data.
- 2.3 Enhance the capacity of post-secondary institution boards of governors to carry out their fiduciary and strategic responsibilities.
- 2.4 Enable post-secondary institutions to be accountable for value for investment.

### Initiatives Supporting Key Objectives

- Through the Campus Alberta Grant the ministry will invest \$2.3 billion in operational funding in fiscal 2019-20 for operating support for post-secondary institutions. This funding allocation results in over \$110 million in estimated savings for 2019-20.
- Student tuition and fees provide \$1.3 billion in revenue to post-secondary institutions in fiscal 2019-20. Future changes to the legislative framework will lead to increased support for programming.
- In 2019-20, government allocated \$153 million in student aid through scholarships, grants and awards to help Albertans benefit from adult learning opportunities. In addition, \$689 million is provided to learners through student loans.

## Performance Metrics

- 2.a Performance Indicator: Total unique learners enrolled in approved programs offered by Alberta's publicly funded post-secondary institutions** *(Results also include apprentices enrolled in the technical training portion of their apprenticeship program at a publicly funded post-secondary institution.)*

2013-14	2014-15	2015-16	2016-17	2017-18
262,744	263,100	264,286	264,899	263,495

- 2.b Performance Indicator: Provincial grants as a proportion of the total revenue of Alberta's publicly funded post-secondary institutions** *(Results are collected from Statistics Canada. According to their methodologies, not all publicly funded post-secondary institutions are included. Based on the most recent results, the percentage for Alberta's universities was higher than British Columbia (34%) and Ontario (27%), and the percentage for Alberta's colleges and technical institutes was also higher than British Columbia (50%) and Ontario (41%).)*

Universities	43% (2013-14)	45% (2014-15)	48% (2015-16)	46% (2016-17)	47% (2017-18)
Colleges and Technical Institutes	59% (2012-13)	57% (2013-14)	59% (2014-15)	60% (2015-16)	62% (2016-17)

- 2.c Performance Indicator: Percentage of recent post-secondary graduates who report that the program they took was worth the financial cost** *(Results are collected from a biennial survey of recent graduates from publicly funded post-secondary institutions in Alberta.)*

2010	2012	2014	2016	2018
87%	86%	86%	83%	80%

## Outcome 3

### What We Want To Achieve

#### Post-secondary institutions have the flexibility and freedom to innovate and compete

Advanced Education is committed to ensuring post-secondary institutions have the flexibility and freedom to innovate and compete globally. Competitive institutions will attract faculty, students and research investment from around the globe, further enhancing the adult learning system's contribution to Alberta's workforce and economy.

#### Key Objectives

- 3.1 Support post-secondary institutions' efforts to diversify revenue and to explore more entrepreneurial approaches to program funding and delivery.
- 3.2 Reduce red tape on post-secondary institutions to allow them the freedom to compete and innovate by lessening regulatory and reporting requirements.
- 3.3 Develop an international education strategy to assist Albertans studying abroad and enable post-secondary institutions to attract qualified international students who remain in Alberta and contribute to the economy.
- 3.4 Collaborate with post-secondary institutions to ensure they develop and implement free speech policies that conform to the University of Chicago Statement on the Principles of Free Expression and promote diversity of ideas.

#### Initiatives Supporting Key Objectives

- In 2019-20, publicly funded post-secondary institutions' cumulative own source revenue is \$1.3 billion (excluding tuition and other government grants). The ministry will enable post-secondary institutions to be more flexible in revenue generation and to explore more entrepreneurial approaches for program funding and delivery.

- In 2019-20, over \$850,000 is invested for international education programs. This suite of programs includes internships in key markets, contributing to Alberta's trade, diplomatic and economic priorities. It also includes supports to attract top international students to participate in leading edge research in academia and industry.

## Performance Metrics

- 3.a Performance Indicator: Total unique international students enrolled in approved programs offered by Alberta's publicly funded post-secondary institutions** *(This metric includes visa students only. Typically, international students in a program of longer than six months or in a program shorter than six months with a mandatory work component (e.g., internship/co-op) require a visa. Therefore, foreign nationals in Canada who pursue short-term studies (less than six months) may not be included in this metric.)*

2013-14	2014-15	2015-16	2016-17	2017-18
17,102	18,518	19,231	20,031	21,842

## STATEMENT OF OPERATIONS

(thousands of dollars)

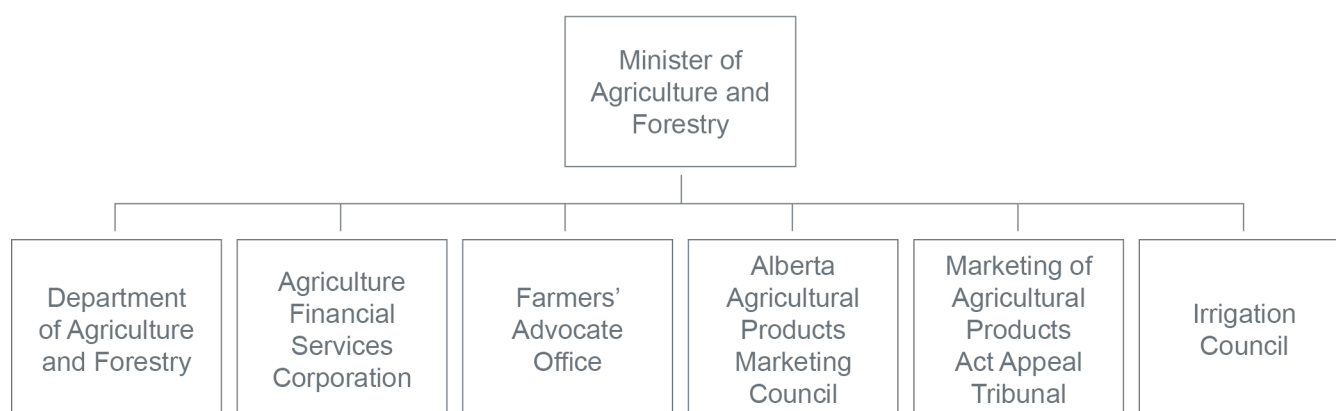
(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Internal Government Transfers	291,692	307,748	268,412	268,050	266,630	266,630
Transfers from Government of Canada	408,940	422,213	462,166	475,292	487,705	496,796
Transfer from Alberta Heritage Scholarship Fund	55,000	48,959	55,000	55,000	55,000	55,000
Labour Market Development	116,397	113,254	137,042	161,373	174,272	174,272
Investment Income	203,857	243,573	249,498	278,142	310,636	325,629
Premiums, Fees and Licences	6,335	5,094	3,368	3,578	3,578	3,578
Tuition and Non-Credit Courses	1,236,609	1,255,514	1,309,203	1,396,047	1,466,537	1,540,459
Donations, Grants and Contributions	336,629	411,512	352,677	360,352	369,613	377,005
Gain from Government Business Enterprises	-	6,417	-	-	-	-
Sales, Rentals and Services	653,092	614,936	644,080	657,844	671,884	685,322
Other Revenue	81,576	198,514	180,460	185,992	189,205	189,244
Ministry Total	3,390,127	3,627,734	3,661,906	3,841,670	3,995,060	4,113,935
Inter-Ministry Consolidations	(352,506)	(445,587)	(384,792)	(383,949)	(382,398)	(382,437)
Consolidated Total	3,037,621	3,182,147	3,277,114	3,457,721	3,612,662	3,731,498
EXPENSE						
Ministry Support Services	12,929	11,839	11,677	10,869	10,869	10,869
Support for Adult Learning	78,295	81,625	80,109	79,452	79,452	79,452
Apprenticeship Delivery	31,482	32,155	36,861	37,500	38,500	38,900
Student Aid	228,059	233,165	234,773	210,039	213,039	216,039
Foundational Learning Supports	94,226	97,380	96,987	96,315	95,854	95,854
Post-Secondary Operations	5,746,892	5,700,006	5,435,820	5,329,146	5,230,234	5,117,031
Post-Secondary Debt Servicing	42,344	39,722	45,515	46,578	44,706	44,706
Post-Secondary Pension Provision	(32,788)	(39,699)	2,885	(1,269)	(5,431)	(5,000)
Ministry Total	6,201,439	6,156,193	5,944,627	5,808,630	5,707,223	5,597,851
Inter-Ministry Consolidations	(93,830)	(101,952)	(100,006)	(100,962)	(99,095)	(99,100)
Consolidated Total	6,107,609	6,054,241	5,844,621	5,707,668	5,608,128	5,498,751
Net Operating Result	(3,069,988)	(2,872,094)	(2,567,507)	(2,249,947)	(1,995,466)	(1,767,253)
CAPITAL INVESTMENT						
Ministry Support Services	-	-	25	25	25	25
Foundational Learning Supports	-	10	-	-	-	-
Post-Secondary Infrastructure	727,653	693,829	571,995	530,200	406,731	362,483
Ministry Total	727,653	693,839	572,020	530,225	406,756	362,508
Consolidated Total	727,653	693,839	572,020	530,225	406,756	362,508

# Agriculture and Forestry

## Business Plan 2019–23

### Ministry Mandate and Structure

The ministry of Agriculture and Forestry is integral in the daily lives of Albertans. It is responsible for legislation, policies, regulations, programs, and services related to the sustainable development of the agriculture and forest sectors. The ministry aims to build public confidence in the safety of the province’s food production systems, protect Albertans from the risk of wildfires, strengthen rural communities and Alberta’s agriculture and forest industries, and manage Crown forests. Agriculture and Forestry also engages in research and extension services geared toward industry development. Working collaboratively with other ministries, industry partners, farmers, ranchers, Indigenous communities, and Albertans, the ministry enables Alberta’s agriculture and forest sectors to grow and prosper.



A more detailed description of Agriculture and Forestry and its programs and initiatives can be found at: [www.alberta.ca/agriculture-and-forestry](http://www.alberta.ca/agriculture-and-forestry).

### Ministry Outcomes

- Growth and Sustainability of Alberta’s Agriculture and Forest Sectors
- Public Health and Safety
- Responsible Resource Management
- Thriving Rural Communities



# Outcome 1

## What We Want To Achieve

### Growth and Sustainability of Alberta's Agriculture and Forest Sectors

Increase growth and sustainability of the agriculture and forest sectors. The ministry is working to promote Alberta as an attractive option for investment, secure domestic and international market access, create new value-added opportunities, and respond to changing consumer demands.

Agriculture and Forestry invests in business development, innovative approaches, and the adoption of sustainable practices to create growth opportunities in agriculture, value-added processing, and forestry.

### Key Objectives

- 1.1 Provide focused trade services for Alberta's agriculture and forest sectors to secure access to current and new growth markets, and advocate on their behalf for fair long-term trade agreements.
- 1.2 Expand the agriculture and forest sectors through research and development to encourage growth and diversification in secondary wood product development, and the food and value-added processing sector.
- 1.3 Identify strategic opportunities to create the environment for business success.
- 1.4 Execute the *Supporting Alberta's Local Food Sector Act* to encourage the development and success of Alberta's local food producers and processors.
- 1.5 Deliver agricultural insurance products to give producers tools to reduce the economic impacts of risks beyond their control that threaten the viability of their farms.
- 1.6 Consult with farmers and ranchers to develop a research and extension plan that ensures producers' needs and views guide key agriculture research priorities.

### Initiatives Supporting Key Objectives

- AgriInsurance is part of the suite of Business Risk Management programs provided through the Agriculture Financial Services Corporation to support the agricultural economy by providing insurance coverage to Alberta producers to assist in managing the risks associated with livestock and crop production. In 2019-20, \$408.5 million is allocated.
- The Canadian Agricultural Partnership is a five-year cost-shared agreement between Alberta and Canada. Funding provided from the Government of Canada through the bilateral Canadian Agricultural Partnership Agreement is used to support a profitable and innovative agriculture, agri-food and agri-based industry. In 2019-20, \$42.3 million is allocated.

## Performance Metrics

### 1.a Performance Measure: Number of value-added agriculture products developed and successfully introduced into the market with assistance from Agriculture and Forestry

In 2018-19, 299 value-added agriculture products were developed and successfully introduced into the market with assistance from Agriculture and Forestry.

## TARGETS

2019-20:	265
2020-21:	280
2021-22:	295
2022-23:	310

### 1.b Performance Measure: Percentage of eligible seeded acres for major crop categories insured under Production Insurance

In 2018, 71 per cent of seeded acres for annual crops and 28 per cent of seeded acres for perennial crops in Alberta were insured under Production Insurance.

## TARGETS

	2019-20	2020-21	2021-22	2022-23
Annual Crops	71%	72%	72%	72.5%
Perennial Crops	29%	30%	30%	30.5%

### 1.c Performance Indicator: Timber royalties and fees from harvested timber (\$ millions)

In 2018-19, \$125.9 million in provincial revenues was collected from timber royalties and fees from harvested timber on Crown lands.

## ACTUALS

	2014-15	2015-16	2016-17	2017-18	2018-19
	57.4	51.3	69.9	139.9	125.9

### 1.d Performance Indicator: Alberta's agri-food exports by market (\$ millions)

In 2018, Alberta's agri-food exports to the United States reached \$4.34 billion, while exports to the "Rest of the World" totaled \$7.25 billion.

## ACTUALS

	2014	2015	2016	2017	2018
United States	3,945 (40%)	3,998 (39%)	4,048 (41%)	4,268 (38%)	4,343 (38%)
Rest of the World	5,809 (60%)	6,183 (61%)	5,945 (59%)	6,969 (62%)	7,252 (62%)

## Outcome 2

### What We Want To Achieve

#### Public Health and Safety

Improvement in managing food safety, animal health, and wildfire risks. Agriculture and Forestry is committed to protecting Albertans from the negative impacts of wildfires, and ensuring the regulations and

systems that support food safety and animal health are effective in protecting human health and maintaining public confidence. The ministry continuously adapts and improves its assurance systems and evidence-based policies, and strives to improve its ability to anticipate, recognize, prevent, respond to and recover from wildfires and other health and safety risks to Albertans.

### Key Objectives

- 2.1 Continue to implement the provincial FireSmart program to help protect Albertans, their homes and communities, critical infrastructure, and natural resources from the threat of wildfire.
- 2.2 Continue to implement programs that improve agriculture's ability to anticipate and mitigate risks that could affect animal and human health.
- 2.3 Conduct inspection, surveillance and extension activities to ensure food safety.
- 2.4 Develop and implement effective policies and processes for wildfire preparedness and a risk management framework to reduce the risk of wildfires to communities and to promote healthy ecosystems.

### Initiatives Supporting Key Objectives

- Wildfire threats are managed and preparedness systems are in place to reduce risk to human life, communities, other values, and promote healthy ecosystems. This initiative includes the FireSmart program. In 2019-20, \$115.8 million is allocated.
- Public safety is protected by conducting surveillance, inspection, and extension to address food safety risks and hazards. In 2019-20, \$14 million is allocated.
- Crop and livestock health monitoring, surveillance and disease investigations reduce risks that may affect animal and human health and crop production systems. This initiative includes development of animal and crop disease control policies, and administration of the *Animal Health Act*, *Agricultural Pest Act*, *Weed Control Act* and other related Acts. In 2019-20, \$18.2 million is allocated.

## Performance Metrics

### 2.a Performance Measure: Percentage of wildfires contained before 10 a.m. the day following assessment

In 2018, the Ministry responded to 1,269 wildfires of which 96.9 per cent were contained before 10 a.m. the day following assessment.

#### TARGETS

2019-20:	97%
2020-21:	97%
2021-22:	97%
2022-23:	97%

### 2.b Performance Measure: Percentage of active provincial licensed abattoirs that meet provincial slaughter and meat processing requirements

In 2018, 89 per cent of active provincial licensed abattoirs met or exceeded provincial animal slaughter and meat processing requirements at all slaughter and meat processing inspections.

## TARGETS

2019-20:	100%
2020-21:	100%
2021-22:	100%
2022-23:	100%

## Outcome 3

### What We Want To Achieve

#### Responsible Resource Management

Promote environmental stewardship of the agriculture and forests sectors. Agriculture and Forestry invests in the delivery of programs, research and extension aimed at supporting environmental stewardship and increasing the awareness, understanding and adoption/adaptation of sustainable practices by the agriculture and forest sectors.

The ministry focuses on policy development, knowledge transfer and the dissemination of information that will boost environmentally sustainable practices within water management, bio-economy, agriculture and timber production.

#### Key Objectives

- 3.1 Assist primary producers and agri-processing companies to adopt environmental stewardship practices as part of improving sustainable resource management through research, policy, extension, programs and services.
- 3.2 Provide support to agricultural producers to reduce the impact of agricultural production on surface water and groundwater supply and quality.
- 3.3 Collaborate with the public, Indigenous communities and industry to build public and consumer trust in Alberta's agriculture, food and forestry systems.
- 3.4 Protect and enhance the health of Alberta's forest resources to provide social, economic, recreational and cultural value to Albertans.
- 3.5 Support forest sector competitiveness by modernizing and streamlining the timber and forest planning process.

#### Initiatives Supporting Key Objectives

- The Irrigation Rehabilitation Program is an annual cost-shared program that assists Alberta's 13 irrigation districts to improve conveyance infrastructure and management techniques to enable improved water-use efficiency. In 2019-20, \$14 million is allocated.
- Sustainable Crown forest management includes maintaining forest health and productivity through innovative tree breeding programs, and aerial pest assessments. This initiative includes the mountain pine beetle management program, which encompasses detection, monitoring, and control of mountain pine beetle populations across Alberta. In 2019-20, \$56.6 million is allocated.

## Performance Metrics

### 3.a Performance Measure: Average percentage of improved environmentally sustainable agriculture practices adopted by producers (biennial survey)

In 2017-18, the average adoption of environmentally sustainable agriculture practices by producers was 53 per cent.

## TARGETS

2019-20:	55%
2020-21:	N/A
2021-22:	57%
2022-23:	N/A

### 3.b Performance Measure: Sustainable timber harvest by annual allowable cut and harvest (million cubic metres) *(This measure reflects a timber harvest level that will maintain Alberta's healthy forests, and support Alberta's economic development. To achieve this, the volume of timber harvested must be less than or equal to the approved harvest level.)*

The 2017-18 harvest level of 23 million cubic metres was below the annual allowable cut of 32 million cubic metres during the same time period.

## TARGETS

2019-20:	Harvest does not exceed the approved harvest level
2020-21:	
2021-22:	
2022-23:	

### 3.c Performance Measure: Percentage of forest regrowth as a result of reforestation

In 2017-18, the percentage of forest regrowth following timber harvest was 98.5 per cent.

## TARGETS

2019-20:	97.7%
2020-21:	97.7%
2021-22:	97.7%
2022-23:	98.0%

## Outcome 4

### What We Want To Achieve

#### Thriving Rural Communities

Provide targeted assistance to help primary producers and communities improve their economic conditions. The ministry supports business development initiatives that offer socioeconomic benefits in rural areas. Lending programs from the Agriculture Financial Services Corporation support young farmers, growing and established producers, agribusinesses and food processors to achieve their full economic growth and potential. Rural communities succeed when residents and businesses have the means to adapt to and benefit from a range of opportunities that leads to growth in diverse rural businesses and an improved quality of life.

## Key Objectives

- 4.1 Provide grants and services to industry, individuals and communities to enhance the quality of life in rural Alberta.
- 4.2 Execute the Agriculture Financial Services Corporation's lending mandate to support the development and competitiveness of primary agriculture, agribusinesses and value-added agri-processors.
- 4.3 Deliver agriculture and forestry education, knowledge transfer, and training programs and services to build and strengthen rural community capacity.

## Initiatives Supporting Key Objectives

- A suite of programs and services are administered to encourage improvement in rural Albertans' quality of life. These initiatives include grant programs such as the Rural Gas and Rural Electric programs, the Remote Area Heating Allowance, and the Agricultural Society Grant program, as well as support for youth development programs such as 4-H. In 2019-20, \$19.5 million is allocated.
- The Agriculture Financial Services Corporation supports the competitiveness of Alberta's primary agriculture, agribusiness, and value-added agri-processing sectors. Through its lending programs, they support young, new, and developing farmers to establish and grow their operations, and entrepreneurs in the value-added and agribusiness sectors to create jobs and economic growth across Alberta. In 2019-20, \$33.2 million is allocated.

## Performance Metrics

### 4.a Performance Measure: Total investment leveraged in rural businesses and agribusinesses facilitated through Agriculture Financial Services Corporation (AFSC) lending services (\$ million)

*(AFSC loan authorizations to agribusiness in urban centres have been added to this performance metric to reflect AFSC's revised lending mandate. However, no change was made to the methodology. The 2017-18 result and targets have been updated to reflect the expanded scope of this performance metric.)*

In 2018-19, AFSC's direct lending contribution, partnerships and collaboration with stakeholders resulted in \$478 million in investments leveraged in farm, rural businesses and value-added agribusinesses.

#### TARGETS

2019-20:	637
2020-21:	718
2021-22:	753
2022-23:	800

# STATEMENT OF OPERATIONS

(thousands of dollars)

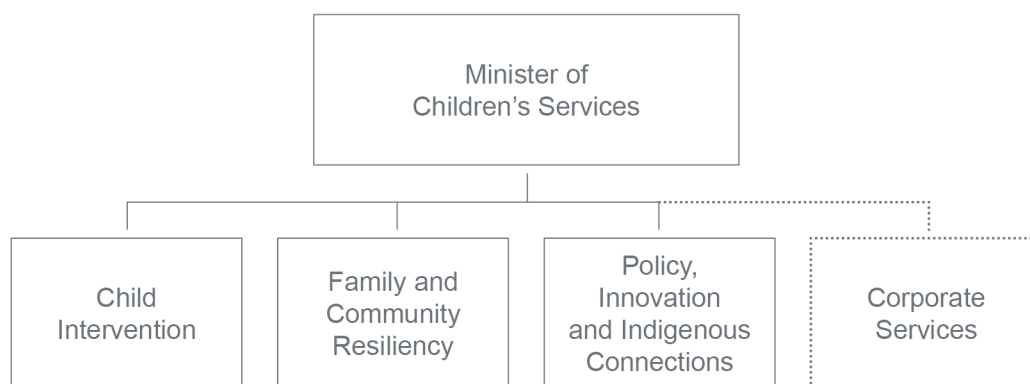
(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Internal Government Transfers	-	2,155	-	-	-	-
Transfers from Government of Canada	314,998	279,369	276,666	273,499	272,720	272,188
Investment Income	136,149	137,934	137,332	141,845	148,576	156,804
Premiums, Fees and Licences	484,098	463,330	405,118	428,630	417,395	444,129
Other Revenue	8,856	11,686	6,390	4,812	4,414	4,395
Ministry Total	944,101	894,474	825,506	848,786	843,105	877,516
Inter-Ministry Consolidations	(1,150)	(2,904)	(1,612)	(1,612)	(1,612)	(1,612)
Consolidated Total	942,951	891,570	823,894	847,174	841,493	875,904
EXPENSE						
Ministry Support Services	19,779	18,123	17,388	16,799	16,634	16,469
Rural Programming and Agricultural Societies	19,162	19,888	19,561	18,854	21,304	21,304
Processing, Trade and Intergovernmental Relations	65,253	67,099	36,906	34,006	31,810	30,975
Primary Agriculture	102,330	98,226	93,114	76,907	73,110	72,910
Lending	34,825	28,672	33,196	30,857	31,268	31,210
Insurance	493,330	672,995	410,326	407,344	407,311	407,072
Agriculture Income Support	120,487	89,395	90,405	89,578	89,530	89,514
Forests	198,781	376,338	676,812	168,953	167,415	166,415
Climate Change Initiatives	41,640	36,481	2,500	-	-	-
Canadian Agricultural Partnership	46,630	38,263	42,263	42,254	42,254	42,254
Debt Servicing Costs	70,953	69,250	67,361	68,449	71,837	73,636
Ministry Total	1,213,170	1,514,730	1,489,832	954,001	952,473	951,759
Inter-Ministry Consolidations	(80,903)	(82,221)	(79,292)	(80,380)	(83,768)	(85,567)
Consolidated Total	1,132,267	1,432,509	1,410,540	873,621	868,705	866,192
Net Operating Result	(189,316)	(540,939)	(586,646)	(26,447)	(27,212)	9,712
CAPITAL INVESTMENT						
Ministry Support Services	990	228	990	990	990	990
Processing, Trade and Intergovernmental Relations	631	1,050	1,667	2,131	631	631
Primary Agriculture	706	1,329	1,196	656	656	656
Lending	1,877	1,455	2,031	1,092	877	1,079
Insurance	4,046	1,028	4,861	5,844	6,184	5,615
Agriculture Income Support	1,650	2,998	681	637	512	879
Forests	11,578	11,817	11,673	11,110	10,960	10,960
Ministry Total	21,478	19,905	23,099	22,460	20,810	20,810
Inter-Ministry Consolidations	-	(470)	-	-	-	-
Consolidated Total	21,478	19,435	23,099	22,460	20,810	20,810

# Children's Services

## Business Plan 2019–23

### Ministry Mandate and Structure

The ministry is responsible for a continuum of supports and services for children, youth and families from early childhood programs to prevention and early intervention supports to intervention services, including kinship and foster care, adoption and post-intervention services. The range of programs and services provided share a focus on and accountability for the safety and well-being of children and youth.



A more detailed description of Children's Services and its programs and initiatives can be found at: <https://www.alberta.ca/childrens-services>.

### Ministry Outcomes

- Children and youth are protected
- The growth and development of children is supported through accessible, affordable and quality child care
- The well-being, resiliency and cultural connections of children, youth and families is nurtured and enhanced

### Outcome 1

#### What We Want To Achieve

##### Children and youth are protected

The safety and well-being of children and youth is sustained through preservation of lifelong connections to their families, culture, spirituality and communities. The ministry will strengthen the child intervention system to support the healthy development of children, youth and families. The ministry works with Indigenous leaders, communities, families and other partners to reduce the over-representation of Indigenous children and youth receiving services.



## Key Objectives

- 1.1 Improve child intervention practices through the implementation of safety-oriented, evidence-based, culturally appropriate approaches and models.
- 1.2 Support children in care to develop long-term, nurturing relationships by increasing the connections to family, significant persons and Indigenous communities.
- 1.3 Work with ministries and communities to combat human trafficking.
- 1.4 Work in partnership with community-based organizations and municipalities to combat child exploitation and domestic violence.

## Initiatives Supporting Key Objectives

- In 2019-20, \$593 million is allocated to children and youth in care who receive services under the care of the Director, with a focus on creating safety and well-being and on enhancing parental capacity, family functioning and wellness.
- In 2019-20, \$81 million is allocated for families receiving voluntary services to support children and youth remaining safely in their family home.
- In 2019-20, \$66 million is allocated to supports for permanency to provide financial support to families who adopt or obtain private guardianship of a child in permanent care.

## Performance Metrics

### 1.a Performance Measure: Percentage of cases opening to Child Intervention without involvement in the last year *(This percentage includes children and youth who remain at home as well as those in care. Data for these performance measures are available from a live dataset and are subject to change.)*

In 2018-19, 85 per cent of Indigenous children and youth who had a new file opened had no involvement with Child Intervention in the last year.

In 2018-19, 89 per cent of Non-Indigenous children and youth who had a new file opened had no involvement with Child Intervention in the last year.

TARGETS	Indigenous	Non-Indigenous
2019-20:	85%	90%
2020-21:	85%	90%
2021-22:	85%	90%
2022-23:	86%	91%

### 1.b Performance Measure: Percentage of children in-care placed in family-based care *(Family-based care includes Parental Care, Kinship Care, Foster Care and Permanency Placements.)*

In 2018-19, 85 per cent of Indigenous children in-care were placed in family-based care.

In 2018-19, 84 per cent of Non-Indigenous children in-care were placed in family-based care.

TARGETS	Indigenous	Non-Indigenous
2019-20:	86%	85%

2020-21:	86%	86%
2021-22:	87%	87%
2022-23:	87%	87%

**1.c Performance Indicator: Children receiving Child Intervention services as a percentage of the child population in Alberta** *(Data on the child population in Alberta is from Statistics Canada Table 17-10-0005-01: Population estimates on July 1<sup>st</sup>, by age and sex. This estimate is from a live source and results are subject to change year over year.)*

	2014	2015	2016	2017	2018
• Number of children receiving Child Intervention services	15,636	14,834	15,564	15,624	16,123
• Children in Alberta	900,381	919,922	938,410	949,448	962,237
• Percentage	1.7%	1.6%	1.7%	1.6%	1.7%

**1.d Performance Indicator: Percentage of Indigenous children in kinship or foster care who are placed with Indigenous families**

	2014-15	2015-16	2016-17	2017-18	2018-19
Percentage of Indigenous children in kinship or foster care who are placed with Indigenous families	39%	40%	43%	44%	45%

## Outcome 2

### What We Want To Achieve

**The growth and development of children is supported through accessible, affordable and quality child care**

Children, youth and families are supported to engage fully in their communities. The ministry is committed to improving access to affordable, quality child care programs; and promoting culturally appropriate community-based early childhood services, parenting resources and supports.

### Key Objectives

- 2.1 Improve access to child care by supporting initiatives that encourage affordability and quality in the child care system.
- 2.2 Enhance and promote diversity in community-based child care services, including supports that are culturally inclusive and that support children with unique needs.
- 2.3 Review of the *Child Care Licensing Act* with the intent of reducing red tape, supporting choice for parents, and maintaining focus on the safety and well-being of children.

## Initiatives Supporting Key Objectives

- In 2019-20, \$176 million is allocated to the Child Care Subsidy program to provide subsidies to low-income families whose children access licensed or approved child care.
- In 2019-20, \$141 million is allocated to provide funding for the certification of child care staff based on educational qualifications; the recruitment and retention of qualified and educated staff for child care programs participating in accreditation; and the monitoring, support and licensing of child care programs under the Child Care Licensing Act.
- In 2019-20, \$10 million is allocated to provide specialized child care funding and support to families and licensed child care programs so children with unique needs have access to quality child care environments that meet their requirements.

## Performance Metrics

- 2.a Performance Measure: Percentage increase in the number of licensed and approved child care spaces** *(The current investment through federal transfers, which provided incentives for space creation, will be renegotiated by 2020-21. Therefore, without clarity on future federal investments, it is projected that the rate of increase of child care spaces will return to normal year-over-year growth, which is influenced through a combination of market forces and government supports.)*

In 2018-19, there was a 5 per cent increase in the number of licensed and approved child care spaces.

### TARGETS

2019-20:	4%
2020-21:	4%
2021-22:	3%
2022-23:	3%

- 2.b Performance Indicator: Licensed and approved child care spaces** *(The number of spaces available reflects March data – a point-in-time count.)*

	2014-15	2015-16	2016-17	2017-18	2018-19
• Number of spaces available	105,310	109,482	116,714	124,824	131,624
• Per cent increase year over year	5.8%	4.0%	6.6%	6.9%	5.4%

- 2.c Performance Indicator: Licensed and approved child care enrollment** *(The enrollment reflects March data – a point-in-time count.)*

	2014-15	2015-16	2016-17	2017-18	2018-19
• Number of children enrolled	86,280	88,929	93,132	100,929	105,800
• Per cent of total enrollment	81.9%	81.2%	79.8%	80.9%	80.4%

**2.d Performance Indicator: Average annual Child Care Subsidy caseload** *(The subsidy caseload is an average over 12 months of subsidies paid to families.)*

	2014-15	2015-16	2016-17	2017-18	2018-19
Average annual Child Care Subsidy caseload	23,869	24,509	25,114	27,031	28,259

## Outcome 3

### What We Want To Achieve

#### **The well-being, resiliency and cultural connections of children, youth and families is nurtured and enhanced**

Children, youth and families are supported through a continuum of government and community-based prevention and early intervention services that support the well-being of children and youth; develop and strengthen caregiver knowledge, capacity and skills; promote the development of social connections and family supports; and enhance connections with Indigenous communities.

### Key Objectives

- 3.1 Develop strategies to support safe, healthy and resilient children and families, including mentoring opportunities for children and youth who have experienced trauma.
- 3.2 Support the successful transition for youth out of care into adulthood, focusing on educational attainment, career exploration and employment readiness.
- 3.3 Support child safety and enhance parenting skills and knowledge by supporting families and caregivers in their home environment.
- 3.4 Collaborate with Indigenous communities, leaders and partners to strengthen relationships and develop strategies to support Indigenous children, youth and families while ensuring all staff and service delivery partners have enhanced Indigenous cultural awareness.
- 3.5 Work with ministries to increase access to supports for Indigenous families who have children with disabilities.

### Initiatives Supporting Key Objectives

- In 2019-20, \$43 million is allocated to mitigate the need for child intervention services through early intervention services with a continuum of supports for children and families, including Parent Link Centres and home visitation services.
- In 2019-20, \$40 million is allocated to community-based prevention and Indigenous connections programs to support communities to build capacity in prevention and early intervention activities and strengthen relationships with Indigenous communities to develop strong collaborative partnerships.
- In 2019-20, \$11 million is allocated to support vulnerable youth transitioning to adulthood, who have previous or current child intervention involvement, through mentoring support and through the Advancing Futures program.

## Performance Metrics

### **3.a Performance Measure: Percentage of youth receiving supports from the Advancing Futures program who successfully completed their planned studies**

In 2018-19, 85 per cent of youth receiving supports from the Advancing Futures program successfully completed their planned studies.

#### TARGETS

2019-20:	85%
2020-21:	85%
2021-22:	86%
2022-23:	86%

#### 3.b Performance Indicator: Percentage of young adults who transition out of Child Intervention at age 18 and access additional supports through Support and Financial Assistance Agreements

	2014-15	2015-16	2016-17	2017-18	2018-19
• Indigenous	87%	87%	92%	90%	90%
• Non-Indigenous	86%	87%	90%	90%	91%

#### 3.c Performance Indicator: Number of youth in-care matched with a mentor in Edmonton, Calgary and Red Deer

	2014-15	2015-16	2016-17	2017-18	2018-19
• Edmonton	47	103	96	146	111
• Calgary	23	33	33	44	54
• Red Deer	21	26	33	40	31

## STATEMENT OF OPERATIONS

(thousands of dollars)

(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Services to First Nations Reserves	45,678	37,107	45,678	45,678	45,678	45,678
Other Federal Transfers	70,982	73,922	72,593	72,392	72,392	72,392
Premiums Fees and Licenses	-	138	50	50	50	50
Other Revenue	3,856	7,842	5,730	5,728	5,733	5,728
Ministry Total	120,516	119,009	124,051	123,848	123,853	123,848
Consolidated Total	120,516	119,009	124,051	123,848	123,853	123,848
EXPENSE						
Ministry Support Services	7,696	6,502	6,591	6,584	6,584	6,584
Child Intervention	789,970	803,434	871,376	860,613	868,013	870,213
Child Care	389,819	408,246	423,794	413,052	429,552	446,752
Early Intervention Services for Children and Youth	107,162	107,860	108,413	96,149	96,149	96,149
Policy, Innovation and Indigenous Connections	12,002	10,587	9,002	8,951	8,951	8,951
Alberta Child Benefit	175,000	169,064	179,000	45,500	-	-
Alberta Child and Family Benefit	-	-	-	220,287	298,032	302,540
Ministry Total	1,481,649	1,505,693	1,598,176	1,651,136	1,707,281	1,731,189
Inter-Ministry Consolidations	(10,800)	(13,833)	(12,000)	(12,000)	(12,000)	(12,000)
Consolidated Total	1,470,849	1,491,860	1,586,176	1,639,136	1,695,281	1,719,189
Net Operating Result	(1,350,333)	(1,372,851)	(1,462,125)	(1,515,288)	(1,571,428)	(1,595,341)
CAPITAL INVESTMENT						
Child Intervention	-	141	84	-	-	-
Consolidated Total	-	141	84	-	-	-



# Community and Social Services

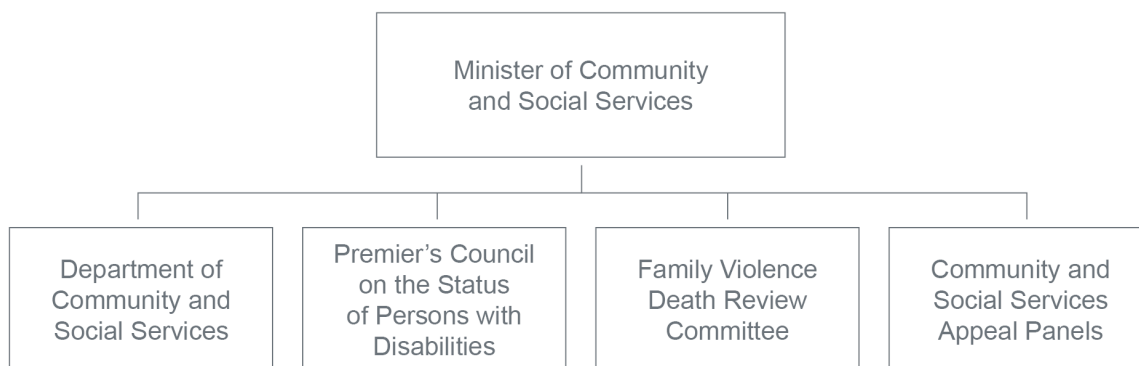
## Business Plan 2019–23

### Ministry Mandate and Structure

The Ministry of Community and Social Services is focused on supporting vulnerable Albertans. It consists of the Department of Community and Social Services, the Premier’s Council on the Status of Persons with Disabilities, the Family Violence Death Review Committee and Community and Social Services Appeal Panels. The department funds a range of programs and services for Albertans in the areas of disability supports; prevention of domestic and sexual violence; community well-being and resilience; employment services; housing stability and homeless supports; and financial stability.

The Ministry of Community and Social Services exists to support the social inclusion of Albertans. The ministry collaborates with community and government partners to support the stability, participation and inclusion of Albertans in their communities. Community and Social Services is committed to fiscal responsibility and taking action to ensure these supports are sustainable for future generations.

To achieve future year budget targets and support the government’s path to balance by 2023, the ministry will work closely with its partners – service providers, civil society organizations and communities – on innovative solutions and system changes that eliminate red tape, reduce unnecessary costs and reallocate funds to core frontline services that make a difference in the lives of Albertans.



A more detailed description of Community and Social Services and its programs and initiatives can be found at [www.alberta.ca/community-and-social-services](http://www.alberta.ca/community-and-social-services).



## Ministry Outcomes

- **STABILITY** – Albertans are safe and have timely and consistent access to supports to meet their basic needs
- **PARTICIPATION** – Albertans participate in their communities through employment and other opportunities to reach their individual potential
- **INCLUSION** – Alberta's communities provide a sense of belonging and foster resiliency

## Outcome 1

### What We Want To Achieve

#### **Stability - Albertans are safe and have timely and consistent access to supports to meet their basic needs**

Protecting vulnerable Albertans is the priority of Community and Social Services. The ministry directly delivers financial benefits to eligible Albertans. By partnering with civil society organizations to enhance access to and support the delivery of quality programming and services, the ministry maximizes positive outcomes for Albertans and addresses domestic and sexual violence and homelessness.

#### **Key Objectives**

- 1.1 Maintain effective and efficient financial support systems for low-income Albertans.
- 1.2 Partner with civil society organizations and municipalities to provide emergency shelter for vulnerable Albertans.
- 1.3 Partner with civil society organizations, municipalities and other ministries to improve housing stability through programs such as *Housing First* and provide appropriate supports for Albertans affected by homelessness.
- 1.4 Provide resources and supports to Albertans impacted by domestic and sexual violence.
- 1.5 Work with the financial services industry, the federal government and the disability community to improve access to disability related financial supports, grants and bonds.

#### **Initiatives Supporting Key Objectives**

- In 2019-20, \$100,000 is allocated to establish an Alberta version of Clare's Law to ensure people at risk of domestic violence have fuller awareness of an intimate partner's previous history of domestic violence or violent acts.
- In 2019-20, \$3.6 million is allocated to consolidate and enhance information systems to support delivery of Community and Social Services programs to prevent Albertans from having to tell their stories multiple times, and streamline how the ministry collects, manages and shares client information.
- From 2019 to 2022, \$8.0 million in capital funding is budgeted under the Ministry of Seniors and Housing to work in collaboration with Community and Social Services to support the redevelopment of the Herb Jamieson Centre (Hope Mission).
- In 2019-20, \$100,000 is allocated to reduce red tape by streamlining reporting and introducing multi-year funding agreements for women's shelters, emergency shelters and civil society organizations.

## Performance Metrics

### 1.a Performance Measure: Assured Income for the Severely Handicapped (AISH) quality-of-life-index *(Based on questions from the annual AISH client survey, the index uses four equally weighted components: meeting basic needs, managing health issues, living independently and getting involved in the community.)*

In 2018-19, the quality-of-life index was 77 per cent.

#### TARGETS

2019-20:	77%
2020-21:	77%
2021-22:	77%
2022-23:	77%

### 1.b Performance Indicator: Average Annual Financial Support System Caseloads *(Caseload is comprised of single individuals, single-parent families, couples with children and couples without children. This is calendar-year data.)*

	2014	2015	2016	2017	2018
Total Income Support Caseload	33,445	36,542	48,233	55,169	56,900
• Expected to Work	16,152	19,001	29,111	34,375	34,262
• Barriers to Full Employment	17,293	17,541	19,122	20,794	22,638
AISH Caseload	49,698	51,959	54,330	57,946	60,679

### 1.c Performance Indicator: Number of women and children admitted to provincially-funded women's shelters

	2014-15	2015-16	2016-17	2017-18	2018-19
Number of Women	4,990	4,647	4,961	5,518	5,473
Number of Children	4,567	4,263	3,881	3,948	4,027

## Outcome 2

### What We Want To Achieve

#### Participation - Albertans participate in their communities through employment and other opportunities to reach their individual potential

Community and Social Services is committed to helping vulnerable Albertans improve their lives and futures. The ministry supports initiatives that connect Albertans to employment and community participation opportunities.

#### Key Objectives

- 2.1 Provide employment services that help Albertans get back to work.
- 2.2 Facilitate post-secondary education and employment opportunities for persons with disabilities through partnerships with civil society organizations, municipalities and other government departments.
- 2.3 Provide supports for persons with disabilities to participate in community life and for families to promote the development of their children with disabilities.

- 2.4 Work with First Nations, other Indigenous communities, and the disability community to promote awareness and increase access to culturally sensitive supports and services for Indigenous persons with disabilities living both on- and off-reserve and on Metis Settlements.

### Initiatives Supporting Key Objectives

- The low income transit support pilot in Edmonton and Calgary is extended to support vulnerable Albertans at \$9.5 million per year.
- In 2019-20, \$3.5 million is allocated to the Residential Access Modification Program to enhance opportunities for Albertans with disabilities to remain in their homes and participate in their communities.

## Performance Metrics

- 2.a Performance Measure: Percentage of participants employed after leaving Income Support** *(Those who stopped receiving Income Support without obtaining employment may have transitioned to training programs, entered new partnerships (e.g. change in marital status) or received support from other sources such as Canada Pension Plan, Employment Insurance or disability-related income.)*

In 2018-19, 64 per cent of participants were employed after leaving Income Support.

#### TARGETS

2019-20:	65%
2020-21:	66%
2021-22:	67%
2022-23:	68%

- 2.b Performance Measure: Percentage of families accessing the Family Support for Children with Disabilities program who indicate the services provided had a positive impact on their family** *(The survey is conducted every two years; N/A is used in place of targets when no survey is planned.)*

In 2018-19, 87 per cent of families indicated the services provided had a positive impact on their family.

#### TARGETS

2019-20:	N/A
2020-21:	88%
2021-22:	N/A
2022-23:	89%

- 2.c Performance Indicator: Median time on Income Support** *(Measured in months. This is calendar year data.)*

	2014	2015	2016	2017	2018
Expected to Work	5	5	6	7	8
Barriers to Full Employment	36	37	34	31	32

## Outcome 3

### What We Want To Achieve

#### **Inclusion - Alberta's communities provide a sense of belonging and foster resiliency**

Better outcomes are achieved when Albertans are part of their communities. The ministry collaborates with civil society organizations, municipalities, Indigenous communities and other levels of government to create more inclusive communities.

#### **Key Objectives**

- 3.1 Provide funding to municipalities and Metis Settlements through the Family and Community Support Services program to design and deliver preventative social programs.
- 3.2 Raise awareness on matters relating to persons with disabilities through the Premier's Council on the Status of Persons with Disabilities.
- 3.3 Work with communities and other ministries to provide advocacy and raise awareness of domestic and sexual violence and human trafficking.
- 3.4 Collaborate with civil society organizations to identify and implement actions to make program and service delivery more efficient and effective in supporting the stability, participation and inclusion of Albertans.

#### **Initiatives Supporting Key Objectives**

- In 2019-20, \$100,000 is allocated to establish the Premier's Charities Council to advise government on how to assist the efforts of civil society organizations to address pressing social issues across Alberta.
- In 2019-20, \$100,000 is allocated to the Disability Advisory Forum and Service Provider Partnership Committee to facilitate open dialogue with the disability community to identify gaps, needs and solutions.
- In 2019-20, \$100,000 is allocated to reduce red tape by streamlining reporting and introducing multi-year funding agreements for the Family and Community Support Services program.

## Performance Metrics

### **3.a Performance Measure: Satisfaction of families/guardians of adults with developmental disabilities with Persons with Developmental Disabilities funded services** *(The survey is conducted every two years; N/A is used in place of targets when no survey is planned.)*

In 2016-17, 88 per cent of families/guardians were satisfied with the Persons with Developmental Disabilities services.

#### **TARGETS**

2019-20:	88%
2020-21:	N/A
2021-22:	89%
2022-23:	N/A

# STATEMENT OF OPERATIONS

(thousands of dollars)

(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Services on First Nations Reserves	47,984	48,281	49,586	50,398	51,226	52,070
Labour Market Development	73,008	69,767	74,755	78,191	79,191	79,191
Premiums, Fees and Licences	389	36	373	368	363	363
Other Revenue	39,585	34,214	29,234	29,109	29,047	28,917
Ministry Total	160,966	152,298	153,948	158,066	159,827	160,541
Inter-Ministry Consolidations	(21,534)	(15,163)	(17,627)	(17,627)	(17,627)	(17,627)
Consolidated Total	139,432	137,135	136,321	140,439	142,200	142,914
EXPENSE						
Ministry Support Services	15,537	12,931	12,485	11,915	11,915	11,915
Employment and Income Support	909,623	924,951	985,665	938,471	857,380	793,278
Assured Income for the Severely Handicapped	1,132,067	1,142,629	1,285,029	1,308,321	1,354,244	1,398,745
Disability Services	1,256,286	1,259,486	1,325,355	1,342,104	1,376,122	1,395,523
Homeless and Outreach Support Services	196,531	197,467	197,100	196,874	196,874	196,874
Community Supports and Family Safety	122,748	120,612	124,765	132,773	133,923	134,123
Services Provided to Other Ministries	21,534	15,022	17,627	17,627	17,627	17,627
Ministry Total	3,654,326	3,673,098	3,948,026	3,948,085	3,948,085	3,948,085
Inter-Ministry Consolidations	(34,106)	(37,535)	(37,627)	(37,627)	(37,627)	(37,627)
Consolidated Total	3,620,220	3,635,563	3,910,399	3,910,458	3,910,458	3,910,458
Net Operating Result	(3,480,788)	(3,498,428)	(3,774,078)	(3,770,019)	(3,768,258)	(3,767,544)
CAPITAL INVESTMENT						
Employment and Income Support	-	68	-	-	-	-
Disability Services	547	408	683	547	547	547
Homeless and Outreach Support Services	-	15	-	-	-	-
Consolidated Total	547	491	683	547	547	547

# Culture, Multiculturalism and Status of Women

## Business Plan 2019–23

### Ministry Mandate and Structure

The ministry consists of the Department of Culture, Multiculturalism and Status of Women (CMSW) and the agencies reporting to the Minister of CMSW. Alberta's quality of life and economic growth is the result of vibrant, active, resilient, diverse and inclusive communities that offer a breadth of opportunities to experience our cultural and social fabric. CMSW supports organizations and individuals to preserve, promote and build the social and physical infrastructure needed for Alberta communities. Multiculturalism in Alberta is supported through the implementation of strategies to preserve and enhance the unique culture, heritage and traditions of all Albertans. These strategies further promote equal access and full participation of all people and communities in social and economic spheres, as well as to attract, retain and integrate newcomers into society.



A more detailed description of the Ministry of Culture, Multiculturalism and Status of Women and its programs and initiatives can be found at: <https://www.alberta.ca/culture-multiculturalism-and-status-of-women.aspx>.

### Ministry Outcomes

- The creative and cultural industries and civil society are innovative, unconstrained by red tape, and contribute to Alberta's economic growth and job creation
- Albertans have vibrant, active communities and access to cultural opportunities and services that enrich their lives
- All Albertans are inspired to celebrate diversity and can fully participate in and contribute to the economic and social development of the province

# Outcome 1

## What We Want To Achieve

**The creative and cultural industries and civil society are innovative, unconstrained by red tape, and contribute to Alberta's economic growth and job creation**

Artists and cultural workers make significant social and economic contributions to the province. Civil society in Alberta fosters volunteerism, grows capacity and builds communities that take care of each other. Yet these sectors often face labour market and financial challenges different from, and in comparison to, other areas. The ministry works to support their contributions.

## Key Objectives

- 1.1 Advance the goal of growing Alberta's creative and cultural industries by 25 per cent, or \$1.5 billion, over the next decade through supports such as the Alberta Media Fund and a renewed focus on supporting Alberta-made productions and retaining and growing Albertan talent and the broader ecosystem of productions.
- 1.2 Develop an Arts Professions Act to give formal recognition to artists, their representative associations, their freedom of expression, and their economic and contractual rights; and advocate for amendments to the federal *Copyright Act* that would require payment of a five per cent royalty to visual artists on the resale of their work.
- 1.3 Establish a Creative Partnerships Alberta program to mentor and assist artists and arts organizations to generate income and support from the private sector; and build partnerships between the arts, philanthropy and business sectors.
- 1.4 Empower Alberta's civil society to contribute to Alberta's economy through supports for volunteer and community investments; and implement a renewed partnership through the Alberta Non-profit/Voluntary Sector Initiative.
- 1.5 Partner with civil society, including Francophone communities, to deliver programming and services where they can achieve results more efficiently and effectively; and support non-profit organizations in building capacity to achieve their mandate and respond to community needs.
- 1.6 Reduce bureaucratic burdens such as renewal obligations for proven civil society groups that deliver results for Albertans. This includes moving to five-year funding agreements where possible and ensuring that faith-based charities and non-profits have equal access to government grants and contributions.
- 1.7 Work with Service Alberta to introduce a Freedom to Care Act that allows charitable and non-profit groups to apply for a "common sense exemption" from regulations that are designed primarily for commercial application where those regulations have the unintended consequence of preventing a social good from being performed.

## Initiatives Supporting Key Objectives

- In 2019-20, \$54.8 million is being allocated to develop the cultural industries. This includes supporting film and television, book and magazine publishing and sound recording. Assistance is provided through financial incentives and other support through consultation, industry development and collaborative work to expand market access. It also includes operating the Northern and Southern Alberta Jubilee Auditoria with a renewed focus on revenue generation.
- The ministry is allocating \$28.4 million in 2019-20 to support artists and the arts. The Alberta Foundation for the Arts is the primary arts resource and grant funding body dedicated to supporting the development of the arts and managing an extensive provincial art collection featuring work from artists all over Alberta.
- In addition to capital grants, CMSW is allocating \$44.3 million to harnessing the power of civil society in 2019-20. Charities and non-profit groups are generally more effective in preventing and reducing social problems than bureaucratic states. The ministry strives to reduce red tape or bureaucratic burdens that may

impede the important work of civil society groups, while supporting them with community grants, the Enhanced Capacity Advancement Program, assistance with board development, and building their capacity to grow economic contributions and respond to community needs.

## Performance Metrics

### 1.a Performance Measure: Total charitable donations from Albertans (\$ billions)

In 2017, Albertans donated \$1.57 billion in total charitable donations.

#### TARGETS

2018:	\$1.59
2019:	\$1.61
2020:	\$1.62
2021:	\$1.63

### 1.b Performance Indicator: GDP of Alberta's cultural industries *(The GDP contribution of books and periodicals excludes newspapers and online retail sales (whether in paper or digital format) although it includes activities such as printing and translation.)*

- In 2017, books and periodicals contributed \$476 million to the economy.
- In 2017, film and video contributed \$139 million to the economy.
- In 2017, interactive media contributed \$449 million to the economy.
- In 2017, sound recording and music publishing contributed \$27 million to the economy.

### 1.c Performance Indicator: Total expenditures of Alberta's charitable sector *(New for 2019-23. It reflects expenditures by charities registered in Alberta. It does not include expenditures by non-profit/voluntary sector organizations not registered as a charity.)*

In 2017, the expenditures of Alberta's charitable sector totaled \$32.8 billion.

### 1.d Performance Indicator: Percentage of adult Albertans who volunteered with organizations in their community

In 2018-19, 65.0 per cent of adult Albertans volunteered with organizations in their community.



## Outcome 2

### What We Want To Achieve

#### **Albertans have vibrant, active communities and access to cultural opportunities and services that enrich their lives**

The ministry helps ensure Albertans have access to museums, archives and historic resources and can participate in arts, sports and recreation, with many continuing opportunities to enjoy the richness of the Alberta experience. Civil society is supported to deliver essential programs and services across the province and create active, welcoming and engaged communities.

#### **Key Objectives**

- 2.1 Provide support for artists and organizations to promote a healthy, vibrant and inclusive arts ecosystem that contributes to increased opportunities for participation in the arts and greater awareness of the value of art and artists in Alberta.
- 2.2 Create a Points of Light Award to recognize outstanding groups or individuals who exemplify Alberta's spirit of volunteerism.
- 2.3 Lead the stewardship of Alberta's historic resources and operate the network of provincial heritage facilities.
- 2.4 Encourage Albertans to be more active by increasing awareness, alignment and coordination toward shared outcomes within the sport, physical activity and recreation sector to better inform and influence initiatives and sporting events at local, provincial and Pan-Canadian levels.
- 2.5 Work collaboratively with stakeholders and partners to support enhancement of services in French by increasing awareness of existing resources and services through planned and targeted communications to French-speaking Albertans.

#### **Initiatives Supporting Key Objectives**

- In 2019-20, \$1.5 million is being allocated for the implementation of Alberta's French Policy. Alberta continues to have the highest provincial French-speaking population outside Quebec, after Ontario and New Brunswick. To support the Francophonie in Alberta, the ministry leads the implementation of the French Policy across government and helps other departments and agencies to identify, develop and deliver improved services in French. The ministry also coordinates translation and promotion of print and digital materials for French-speaking Albertans.
- In 2019-20, \$60.6 million is being allocated toward showcasing and preserving Alberta's history. The ministry operates 20 provincial heritage facilities, among them the Royal Alberta Museum and Royal Tyrrell Museum of Palaeontology. This includes maintaining the vast collections documenting Alberta's diverse natural and cultural heritage and conducting research generating new knowledge and insights for the public. Through the Provincial Archives of Alberta, the ministry acquires, preserves and makes publicly-available records of Alberta's history. The ministry regulates potential adverse effects to heritage buildings, archaeological and palaeontological sites, and Indigenous traditional use locations. The department also provides funding to individuals and organizations engaged in the preservation and interpretation of Alberta's heritage.
- To advance sport and active living in Alberta, in 2019-20 the ministry will spend \$24.4 million on promoting and supporting inclusion and participation, healthy lifestyles, the social and economic benefits of sport, physical activity and recreation, and excellence in sport. CMSW coordinates the Alberta Games and Team Alberta's participation in multi-sport games, and works with agencies and NGOs on issues such as concussions, increased female sport participation, and prevention of harassment, abuse and discrimination in sports.

- Through the Community Facility Enhancement Program, the ministry provides grant funding to acquire, build, purchase, repair, renovate, upgrade or expand cultural, recreation, sport and other related public-use community facilities. The Support for Culture Infrastructure Program assists non-profit organizations in the construction of cultural facilities through capital funding. Funding is also provided in partnership with the federal government through the 10-year Investing in Canada Infrastructure Program (ICIP) for new, expanded or renewed community centres and hubs, and amateur sport, cultural and recreational installations and facilities. In 2019-20, the ministry is allocating \$49.3 million under these three capital grant programs.

## Performance Metrics

### 2.a Performance Measure: Percentage of facilitation participants who are able to apply/use the results from the services

In 2017-18, 95.7 per cent of facilitation participants were able to apply/use the results from services.

#### TARGETS

2019-20:	95.0%
2020-21:	95.0%
2021-22:	95.0%
2022-23:	95.0%

### 2.b Performance Measure: Percentage of adult Albertans who visited a heritage facility in Alberta

In 2018-19, 50.7 per cent of adult Albertans visited a heritage facility in Alberta.

#### TARGETS

2019-20:	55.0%
2020-21:	57.0%
2021-22:	59.0%
2022-23:	60.0%

### 2.c Performance Measure: Percentage of Albertans who participate in organized sport

- In 2018-19, 24.0 per cent of Albertans (adults) participated in organized sport.
- In 2018-19, 60.4 per cent of Albertans (children) participated in organized sport.

#### TARGETS

	Adults	Children
2019-20:	25.0%	63.0%
2020-21:	26.0%	64.0%
2021-22:	26.0%	64.0%
2022-23:	26.0%	64.0%

## 2.d Performance Measure: Percentage of adult Albertans who attended arts activities or events, and who participated in arts activities or events

- In 2018-19, 76.4 per cent of adult Albertans attended arts activities or events.
- In 2018-19, 50.5 per cent of adult Albertans participated in arts activities or events.  
(new metric)

### TARGETS

	Attended	Participated
2019-20:	78.0%	55.0%
2020-21:	78.0%	56.0%
2021-22:	80.0%	57.0%
2022-23:	81.0%	58.0%

## 2.e Performance Indicator: Percentage of adult Albertans who felt the following were important in contributing to their quality of life

- In 2018-19, 91.8 per cent of adult Albertans felt historical resources were important in contributing to their quality of life.
- In 2018-19, 92.6 per cent of adult Albertans felt recreation facilities and services were important in contributing to their quality of life.
- In 2018-19, 74.0 per cent of adult Albertans felt participating in or attending organized sport activities or events in their community were important in contributing to their quality of life.  
(new metric)

## Outcome 3

### What We Want To Achieve

#### All Albertans are inspired to celebrate diversity and can fully participate in and contribute to the economic and social development of the province

Advancing gender equality, multiculturalism and inclusion are critical priorities being led by CMSW. These priorities are essential to achieving social outcomes, economic growth and the realization of human rights for all. The ministry works with key partners, communities and all orders of government to address and prevent gender-based violence and violence against Indigenous women and girls and the LGBTQ2S+ community.

### Key Objectives

- 3.1 Address and reduce gender-based violence in Alberta by working with partners to combat human trafficking through the creation of a provincial task force and legislation.
- 3.2 Work with partners to pass an Alberta version of Clare's Law to ensure that in defined circumstances, people at risk of domestic violence may have fuller awareness of an intimate partner's previous history of domestic violence or violent acts.
- 3.3 Lead and support cross-ministry and community initiatives that address all forms of gender-based violence, including sexual violence, family violence and violence against Indigenous women and girls and the LGBTQ2S+ community.

- 3.4 Collaborate with government ministries to ensure gender and intersectional analysis is consistently applied to evidence-based decision-making at all phases in the development and review of programs, policies and services throughout government.
- 3.5 Develop and advance initiatives that support women's leadership, participation and decision-making in both the public and private sector.
- 3.6 Improve the status of women and girls (including Indigenous women and girls) and the LGBTQ2S+ community and improve women's human rights, as stipulated in international conventions.
- 3.7 Support and promote the full economic and social participation of diverse Albertans by building on past accomplishments, coordinating existing services, reducing duplication, promoting cross-cultural understanding and celebrating multiculturalism.
- 3.8 Work with stakeholders and partners to engage Alberta youth to gather information and perspective regarding multiculturalism, diversity and inclusion in Alberta. This includes working to reduce barriers and respond to underlying causes so LGBTQ2S+ communities feel included in Alberta's economic, social and cultural life.
- 3.9 Support the recommendations in the final report of the National Inquiry into Missing and Murdered Indigenous Women and Girls, Truth and Reconciliation Commission Report and United Nations Declaration on the Rights of Indigenous Peoples.

#### **Initiatives Supporting Key Objectives**

- To support multiculturalism in Alberta, the ministry is developing strategies to preserve, enhance and celebrate the unique cultures, heritage and traditions of all Albertans. These strategies will further promote inclusion and economic security by ensuring equal access and full participation of all people and communities in the economic and social life of Alberta as well as attracting and integrating newcomers into society. In 2019-20, \$1.4 million is allocated to supporting multiculturalism and inclusion.
- In 2019-20, \$455,000 is allocated to end gender-based violence. The ministry is leading initiatives to prevent and raise awareness about gender-based violence. This includes the Government of Alberta's annual 16 Days of Activism Against Gender-Based Violence campaign, from November 25 – December 10, 2019, and ending the practice of female genital mutilation and cutting. CMSW is committed to addressing domestic, family and sexual violence through supporting the creation of an Alberta version of Clare's Law, contributing to the government-wide initiative to combat human trafficking through legislation and a provincial task force, and supporting government's response to the National Inquiry into Missing and Murdered Indigenous Women and Girls final report. The ministry has partnered with the City of Edmonton and UN Women on the Edmonton: Safe City Initiative to address violence against women and girls in public spaces in Edmonton.
- To promote and support an enterprise-wide approach to advancing gender equality in policy and decision-making processes, the ministry provides advice and training on the application of gender and intersectional analysis. CMSW also explores a variety of policy tools and initiatives that support the economic security of women, girls, the LGBTQ2S+ community and vulnerable populations. In 2019-20, the ministry is allocating \$655,000 to improve their position and conditions. The ministry is also instrumental in promoting diversity and inclusion within the Government of Alberta through training offered to Alberta Public Service staff.

## Performance Metrics

### **3.a Performance Indicator: Rate of self-reported sexual assault for Albertans 15 years and older**

*(This is based on self-reported data from a survey conducted by Statistics Canada every five years.)*

In 2014, 25 persons per 1,000 population reported sexual assault. *(data last published in 2017)*

### **3.b Performance Indicator: Rate of police-reported intimate partner violence for Alberta women**

In 2017, police reported 621 cases of intimate partner violence per 100,000 population.

## STATEMENT OF OPERATIONS

(thousands of dollars)

REVENUE OF OPERATIONS						
(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Transfers of Assets or Liabilities from Related Parties	-	51,883	-	-	-	-
Internal Government Transfers	-	76	-	-	-	-
Transfer from Alberta Heritage Scholarship Fund	80	48	80	80	80	80
Transfers from Government of Canada	1,838	7,197	12,314	21,666	14,920	1,990
Investment Income	314	466	100	100	100	100
Premiums, Fees and Licences	7,843	10,619	10,930	12,240	12,240	12,240
Other Revenue	21,694	18,517	16,479	16,590	16,918	16,918
Ministry Total	31,769	88,806	39,903	50,676	44,258	31,328
Inter-Ministry Consolidations	(80)	(52,100)	(80)	(80)	(80)	(80)
Consolidated Total	31,689	36,706	39,823	50,596	44,178	31,248
EXPENSE						
Ministry Support Services	11,123	8,224	7,775	7,539	7,617	7,694
Community and Voluntary Support Services	131,424	145,234	94,459	98,151	78,865	65,000
Arts and Creative Industries	100,250	98,063	86,218	74,964	57,518	41,191
Francophone Secretariat	2,210	1,215	1,450	1,430	1,420	1,415
Heritage	62,551	57,623	60,597	52,927	52,398	52,209
Recreation and Physical Activity	26,715	26,597	24,372	21,952	21,896	21,895
Status of Women and Multiculturalism	3,930	3,768	4,945	4,880	4,773	4,747
Ministry Total	338,203	340,724	279,816	261,843	224,487	194,151
Inter-Ministry Consolidations	(12,645)	(14,089)	(3,300)	(3,300)	(3,300)	(3,300)
Consolidated Total	325,558	326,635	276,516	258,543	221,187	190,851
Net Operating Result	(293,869)	(289,929)	(236,693)	(207,947)	(177,009)	(159,603)
CAPITAL INVESTMENT						
Arts and Creative Industries	385	472	385	385	385	385
Heritage	1,946	2,223	1,946	1,946	1,946	1,946
Consolidated Total	2,331	2,695	2,331	2,331	2,331	2,331



# Economic Development, Trade & Tourism

## Business Plan 2019–23

### Ministry Mandate and Structure

Economic Development, Trade and Tourism leads efforts to grow Alberta’s economy by delivering strategic programs and services to support Alberta’s entrepreneurs and job creators, attract investment, grow trade, strengthen Alberta’s tourism industry, and ensure Alberta has an innovative and competitive business environment.



A more detailed description of Economic Development, Trade and Tourism and its programs and initiatives can be found at: [www.economic.alberta.ca](http://www.economic.alberta.ca).

### Ministry Outcomes

- Alberta entrepreneurs, businesses and communities are supported to drive growth and job creation
- Investment is attracted, retained and expanded in Alberta and trade is grown
- Alberta’s innovation system is optimized to support economic growth
- A strong tourism industry creates jobs and economic growth in Alberta



## Outcome 1

### What We Want To Achieve

#### **Alberta entrepreneurs, businesses and communities are supported to drive growth and job creation**

The ministry works to unleash the potential of Alberta entrepreneurs, businesses and communities to drive job creation and grow the economy. Economic Development, Trade and Tourism focuses on removing policy and regulatory barriers to growth and government red tape as Alberta returns to its proud tradition of a free enterprise economy. The ministry also delivers programs and services to address constraints on trade, access to capital, and provides timely and relevant information to support business development and attract investment. With the help of Alberta Enterprise Corporation and Travel Alberta, and advice from the Northern Alberta Development Council, the ministry works to ensure that Alberta's job creators have the supports they need to grow and thrive, paving the way to make life better for all Albertans.

### Key Objectives

- 1.1 Work with other Alberta ministries to drive innovation and job creation by making Alberta the most attractive place in North America for businesses wanting to expand and hire.
- 1.2 Ensure that recommendations from business leaders inform government red tape reduction initiatives to restore the Alberta advantage.
- 1.3 Grow Alberta's film and television industry and help Alberta compete for major media projects.

### Initiatives Supporting Key Objectives

- A total of \$90 million will be provided over three fiscal years from 2020-21 to 2022-23 to implement an Alberta Film and Television Tax Credit on eligible labour and production expenses to attract medium and large film and television productions to Alberta in support of the province's cultural industries.

## Performance Metrics

### 1.a Performance Indicator: Private sector employment

In 2018, private sector employment increased by 1.3 per cent. An increase in the percentage of private sector employment is an indication of Alberta's tradition of free enterprise and culture of entrepreneurs and risk takers is alive and well regardless of the challenges of the past few years (*Source: Statistics Canada, January 2019.*)

### 1.b Performance Indicator: Alberta self-employment

In 2018, there were 401 thousand Albertans self-employed, an increase of 5 per cent over 2017. An increase in the percentage of self-employment is an indication that Alberta's private sector remained resilient over the last several years (*Source: Statistics Canada, January 2019.*)

## Outcome 2

### What We Want To Achieve

#### **Investment is attracted, retained and expanded in Alberta and trade is grown**

The ministry works to enhance investors' awareness of the benefits of doing business in Alberta, and to ensure that investment in the province and trade continue to grow the economy and create new jobs. Economic Development, Trade and Tourism works with other Alberta ministries to attract, retain and expand investment in the energy, agriculture, technology/data/telecom, aviation/aerospace, finance/fintech and tourism industries. The ministry works in collaboration with internal and external stakeholders to lead

the development and implementation of the Government of Alberta's investment attraction strategy. Through the Alberta Enterprise Corporation, Economic Development, Trade and Tourism works to attract venture capital investment to the province.

### Key Objectives

- 2.1 Develop an Investment and Growth Strategy to foster an economy that creates jobs and wealth while rebuilding Alberta's reputation as the best and most responsible place to do business.
- 2.2 Expand services and expertise for attracting and expanding international and domestic investment into Alberta companies and major projects.
- 2.3 Work with the innovation and venture capital community to expand venture capital investment into Alberta technology companies.
- 2.4 Advance a free trade agenda by actively supporting Alberta's interests in international negotiations and disputes, including U.S. buy American policies and the softwood lumber dispute.

### Initiatives Supporting Key Objectives

- A total of \$75 million will be invested over three fiscal years from 2020-21 to 2022-23 to cultivate investment opportunities within Canada, the U.S. and globally, leveraging existing globally scaled networks and advice from industry and the investment community, and through technology-based solutions for lead generation and marketing strategies.
- In 2019-20, \$1.85 million in support will be provided to Alberta Enterprise Corporation to attract venture capital to Alberta through Alberta Enterprise Corporation investments.

## Performance Metrics

### 2.a Performance Measure: Cumulative value of Alberta Enterprise Corporation attracted venture capital funds (and their syndicate partners) invested in Alberta businesses (\$ millions)

In 2018-19, the cumulative value of funds invested in Alberta businesses was \$495 million. These investments provide Alberta knowledge-based businesses access to capital that enables them to start up or grow.

#### TARGETS (\$ millions)

2019-20:	482
2020-21:	532
2021-22:	593
2022-23:	665

### 2.b Performance Indicator: Non-residential investment per capita in Alberta

In 2018, non-residential investment per capita in Alberta was \$14,051, down from \$14,197 in 2017. An increase in non-residential investment in Alberta is desired as it is an indication of Alberta's success in creating an attractive investment climate. (Source: Statistics Canada, February 2019.)

### 2.c Performance Indicator: The total value of Alberta's exported products outside of the United States

In 2018, the total value of Alberta's exported products outside of the United States was \$14.4 billion, up from \$12.5 billion in 2017. An increase in the total value of Alberta's exports outside of the United States is an indication of Alberta's progress in growing trade in markets beyond the United States. (Source: Statistics Canada, August 2019.)

## Outcome 3

### What We Want To Achieve

#### Alberta's innovation system is optimized to support economic growth

The ministry works to ensure that a smarter approach is taken to innovation that will modernize Alberta's economy and create new and better jobs for Albertans. Through a simplified and streamlined innovation approach, Economic Development, Trade and Tourism ensures that Alberta entrepreneurs, post-secondary institutions and businesses are better able to access innovation funding and other innovation supports. Under the Alberta Research and Innovation Framework, the ministry also provides clear direction to stakeholders to collectively build a stronger research and innovation system that delivers measurable results. Through its partnership with Alberta Innovates, and with the advice of the Alberta Research and Innovation Advisory Committee, the ministry supports and accelerates research, innovation and entrepreneurship to grow globally competitive enterprises in Alberta.

#### Key Objectives

- 3.1 Reduce duplication and coordinate across the many innovation agencies and organizations in the province while ensuring investments of public money have a clear 'return on investment' criteria.
- 3.2 Change the current approach to innovation funding by simplifying the way start-ups and growth companies secure public and private funding.
- 3.3 Work with the Ministry of Advanced Education to measure Alberta's innovation performance against leading global research and government networks in key innovation hubs like California, Texas, Israel, London and Hong Kong.
- 3.4 Establish the most effective intellectual property framework for the commercialization and entrepreneurial application of innovative research and development from Alberta's universities and colleges.

#### Initiatives Supporting Key Objectives

- Over \$200 million will be invested in the 2019-20 fiscal year in initiatives to provide streamlined research, innovation and commercialization investments and programming through Alberta Innovates, the department and post-secondary institutions, to develop and advance talent, grow sectors, leverage funding and attract investment.

## Performance Metrics

### 3.a Performance Measure: Sponsored research revenue attracted by Alberta's comprehensive academic and research universities (\$ millions)

In 2017-18, Alberta's comprehensive academic and research universities attracted \$933 million in sponsored research revenue. The ability of Alberta universities to attract research funding is an important measure of the capability and capacity for research and innovation in the province. (*Source: Statistics Canada, most recent information available.*)

#### TARGETS (\$ millions)

2019-20:	951
2020-21:	970
2021-22:	989
2022-23:	1,009

**3.b Performance Measure: Net Small and Medium Sized Enterprises (SME) revenue growth for every \$1 of Alberta Innovates funding (\$ dollars)** *(Result and targets are for seven entrepreneurial investment programs delivered by Alberta Innovates, based on a 5-year rolling window.)*

In 2018-19, the net SME revenue growth was \$6.29 for every \$1 of funding from Alberta Innovates. The growth of innovative Alberta SMEs is an important factor in the province's economic growth.

**TARGETS (\$ dollars)**

2019-20:	5.96
2020-21:	6.02
2021-22:	6.14
2022-23:	6.26

**3.c Performance Measure: Percentage of Alberta Innovates-funded post revenue SMEs that export** *(Result and targets are for seven entrepreneurial investment programs delivered by Alberta Innovates, based on a 5-year rolling window.)*

In 2018-19, 42 per cent of Alberta Innovates funded SMEs exported their products and services. Exports are an important measure of SME growth potential and access to new markets.

**TARGETS**

2019-20:	41%
2020-21:	42%
2021-22:	44%
2022-23:	46%

## Outcome 4

### What We Want To Achieve

#### A strong tourism industry creates jobs and economic growth in Alberta

The ministry delivers strategic programs and services intended to grow tourism spending in Alberta to \$20 billion by 2030. Economic Development, Trade and Tourism, including Travel Alberta, works closely with internal and external stakeholders and partners to grow the industry by diversifying Alberta's tourism destinations, product offerings and seasonal visitation. This is done through a whole of government approach towards destination development and management. A vibrant tourism industry supports trade, investment, immigration and international student recruitment to Alberta.

#### Key Objectives

- 4.1 Build capacity of communities, industry and government stakeholders to support and grow tourism. This will include launching a Tourism Partnership Incentive Fund to attract and support private sector support for tourism, as well as working with the federal government and airport authorities in Calgary and Edmonton to secure additional flights to Alberta from tourist source countries.
- 4.2 Create a competitive and attractive tourism business environment with transparent and supportive policies and regulations.
- 4.3 Grow new, expanded and refreshed tourism product in support destination and seasonal diversification.
- 4.4 Deliver targeted strategic marketing to grow tourism revenues.

- 4.5 Strengthen Alberta's competitive position by building on the strength of Alberta's tourism brand and growing prioritized tourism experiences. This will include working with tourism stakeholders to develop a 10-year Tourism Strategy recognizing the role that the private sector can play in assisting government in promoting Alberta.

#### **Initiatives Supporting Key Objectives**

- In fiscal 2019-20, \$42 million will be allocated for Travel Alberta, the provincial tourism-marketing agency for the Government of Alberta, to deliver a strong Alberta tourism brand and manage national and international tourism marketing programs, services and activities.
- A total of \$350,000 will be allocated over two fiscal years from 2019-20 to 2020-21, to support work with Indigenous Tourism Alberta, communities and entrepreneurs to grow authentic Indigenous cultural experiences and attractions.

## **Performance Metrics**

### **4.a Performance Indicator: The annual volume of all tourism-related visitations**

In 2017, the annual volume of all tourism-related visitations was 36,879, up from 34,772 in 2016. An increase in all same day and overnight visits by domestic visitors, as well as overnight visits for international visitors to our province, is an indication of Alberta's success in growing its tourism industry. *(Source: Statistics Canada, September 2019. Most recent data available.)*

### **4.b Performance Indicator: Tourism-related expenditures in Alberta by visitors**

In 2017, tourism related expenditures totaled \$8.9 billion, up from \$8.5 billion in 2016. An increase in all spending by same day and overnight domestic visitors, as well as overnight spending by international visitors to our province, is an indication of Alberta's success in growing its tourism industry. *(Source: Statistics Canada, September 2019. Most recent data available.)*

## STATEMENT OF OPERATIONS

(thousands of dollars)

GOVERNMENT OF ALBERTA (thousands of dollars)						
	Comparable					
	2018-19 Budget	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
REVENUE						
Internal Government Transfers	119,973	119,134	93,730	92,730	92,730	92,730
Transfers from Government of Canada	5,369	5,244	4,000	1,000	1,000	1,000
Investment Income	1,051	796	6,350	2,350	2,350	2,350
Premiums, Fees and Licences	4,225	296	390	390	390	390
Other Revenue	51,348	55,918	45,737	45,651	45,611	45,651
Ministry Total	181,966	181,388	150,207	142,121	142,081	142,121
Inter-Ministry Consolidations	(120,579)	(121,415)	(99,859)	(98,859)	(98,859)	(98,859)
Consolidated Total	61,387	59,973	50,348	43,262	43,222	43,262
EXPENSE						
Ministry Support Services	12,399	11,722	10,428	9,634	9,631	9,631
Economic Development	24,264	22,015	18,839	14,121	13,695	13,695
Trade and Investment Attraction	29,056	25,772	22,399	44,986	44,986	44,986
Science and Innovation	49,124	57,830	42,771	41,767	41,767	41,767
Jobs, Investment and Diversification	30,543	24,688	25,864	16,970	31,970	45,587
Tourism	56,249	56,740	53,846	47,684	47,443	47,443
Alberta Enterprise Corporation	2,000	1,847	1,850	1,750	1,750	1,750
Climate Change	5,020	2,867	-	-	-	-
Alberta Innovates Corporation	288,216	278,136	202,425	191,201	190,801	186,284
Ministry Total	496,871	481,617	378,422	368,113	382,043	391,143
Inter-Ministry Consolidations	(110,837)	(125,374)	(83,587)	(83,587)	(83,587)	(83,587)
Consolidated Total	386,034	356,243	294,835	284,526	298,456	307,556
Net Operating Result	(324,647)	(296,270)	(244,487)	(241,264)	(255,234)	(264,294)
CAPITAL INVESTMENT						
Ministry Support Services	25	24	25	25	25	25
Tourism	-	9	-	-	-	-
Alberta Innovates Corporation	11,090	7,311	14,750	10,750	10,750	10,750
Consolidated Total	11,115	7,344	14,775	10,775	10,775	10,775

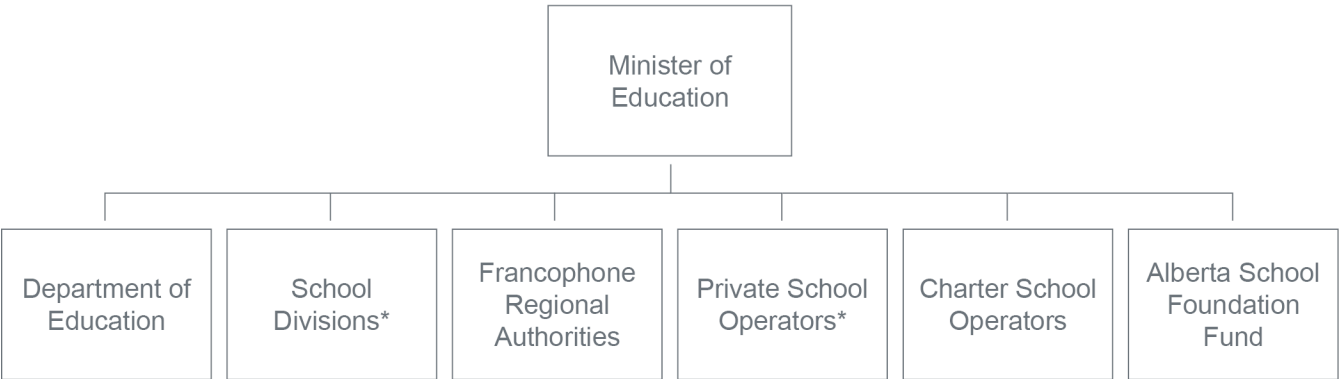


# Education

## Business Plan 2019–23

### Ministry Mandate and Structure

The Ministry of Education provides leadership, direction, and oversight in the delivery of a student-centred education system that provides assurance to the public and promotes student success. The ministry consists of:



\*Includes supervision of home education programs

A more detailed description of Education and its programs and initiatives can be found at: [www.education.alberta.ca](http://www.education.alberta.ca).

### Ministry Outcomes

- Alberta’s students are successful
- First Nations, Métis, and Inuit students in Alberta are successful
- Alberta has excellent teachers, school leaders, and school authority leaders
- Alberta’s K-12 education system is well governed and managed



# Outcome 1

## What We Want To Achieve

### Alberta's students are successful

The ministry develops and implements curriculum that enables all students to achieve provincial student learning outcomes and monitors student progress through administering assessments. Alberta Education supports students in progressing in their learning through open critical debate, becoming lifelong learners inspired to pursue their interests and aspirations, achieve fulfilment and success, and contribute to their communities and the world.

### Key Objectives

- 1.1 Ensure Alberta's curriculum provides students with the essential knowledge and skills and foundational competencies they need to be successful.
- 1.2 Reform provincial assessment to allow students, parents and teachers to clearly identify areas of strength and areas in need of additional support.
- 1.3 Increase opportunities for young Albertans' to participate in hands-on learning experiences in apprenticeship, skilled trades and vocational education.

### Initiatives Supporting Key Objectives

- In 2019-20, \$0.15 million is allocated to develop a ministerial order to establish the vision for student learning that identifies the foundational knowledge and skills and foundational competencies students should attain through the K-12 education system.
- The development of future curriculum in English and French that aligns with the vision set by the new ministerial order on student learning, will cost \$2.3 million in 2019-20.
- In 2019-20, \$3.5 million is allocated to facilitate student-learning opportunities related to apprenticeship, skilled trades, and vocational education; and to collaborate with Advanced Education to promote trades scholarships for high school students.
- Strengthening school and community capacity in order to support social, emotional and physical well-being, resiliency, improved student engagement and school success for all Alberta students, including those with disorders such as Fetal Alcohol Spectrum Disorder (FASD) will cost \$1 million in 2019-20.
- Developing options such as the Career and Technology Studies Bridge to Certification to assist in bringing individuals with unique skill sets into Alberta classrooms will cost \$0.85 million in 2019-20.
- The ministry will support student math achievement by adding a written response component in the Mathematics Diploma Exams, non-calculator questions in Provincial Achievement Tests to provide new opportunities for students to demonstrate understanding, and new efforts to communicate assessment expectations and successful practices to school divisions, teachers, and students. This will cost \$2 million in 2019-20.

## Performance Metrics

### 1.a Performance Measure: Percentage of students who achieved the acceptable standard on grade 6 and 9 provincial achievement tests in Language Arts

In 2018-19, 79.6 per cent of students achieved the acceptable standard on grade 6 and 9 provincial achievement tests in Language Arts and 16.2 per cent achieved the standard of excellence.

#### TARGETS

	Acceptable	Excellence
2019-20:	80.0%	16.6%
2020-21:	80.2%	16.8%
2021-22:	80.4%	17.0%
2022-23:	80.6%	17.2%

### 1.b Performance Measure: Percentage of students who achieved the acceptable standard on grade 6 and 9 provincial achievement tests in Mathematics

In 2018-19, 66.6 per cent of students achieved the acceptable standard on grade 6 and 9 provincial achievement tests in Mathematics and 16.8 per cent achieved the standard of excellence.

#### TARGETS

	Acceptable	Excellence
2019-20:	66.8%	17.0%
2020-21:	67.0%	17.2%
2021-22:	67.2%	17.3%
2022-23:	67.4%	17.5%

### 1.c Performance Measure: Percentage of students who achieved standards on diploma examinations in Language Arts

In 2018-19, 87.0 per cent of students achieved the acceptable standard on diploma examinations in Language Arts and 12.2 per cent achieved the standard of excellence.

#### TARGETS

	Acceptable	Excellence
2019-20:	87.5%	12.4%
2020-21:	87.7%	12.6%
2021-22:	87.9%	12.8%
2022-23:	88.0%	13.0%

For Performance Metrics 1.a, 1.b, and 1.c, changes in results between 0.4 per cent and 0.5 per cent are considered significant depending on the measure.

#### **1.d Performance Measure: Percentage of students who achieved standards on diploma examinations in Mathematics**

In 2018-19, 77.2 per cent of students achieved the acceptable standard on diploma examinations in Mathematics and 27.2 per cent achieved the standard of excellence.

##### **TARGETS**

	Acceptable	Excellence
2019-20:	77.3%	27.3%
2020-21:	77.4%	27.5%
2021-22:	77.5%	27.7%
2022-23:	77.6%	27.9%

#### **1.e Performance Measure: Percentage of students who wrote four or more diploma examinations**

In 2017-18, 56.3 per cent of students wrote four or more diploma examinations within three years of entering grade 10. (2018-19 data available June 2020)

##### **TARGETS**

2019-20:	56.4%
2020-21:	56.5%
2021-22:	56.6%
2022-23:	56.8%

#### **1.f Performance Measure: High school completion rate**

In 2017-18, 84.8 per cent of students completed high school within five years of entering grade 10. (2018-19 data available June 2020)

##### **TARGETS**

2019-20:	85.0%
2020-21:	85.3%
2021-22:	85.6%
2022-23:	86.0%

For Performance Metrics 1.d, 1.e, and 1.f, changes in results between 0.5% and 0.7 % are considered significant depending on the measure.

## Outcome 2

### What We Want To Achieve

#### First Nations, Métis, and Inuit students in Alberta are successful

The ministry works collaboratively with First Nations, Métis, and Inuit governments, organizations, communities and partners to be an international leader in Indigenous education. Alberta Education supports First Nations, Métis, and Inuit students in prospering through their learning journeys.

#### Key Objectives

- 2.1 Strengthen education programs, policies and initiatives for First Nations, Métis and Inuit students.
- 2.2 Ensure First Nations students have access to the provincial education system.
- 2.3 Support school divisions to enter into education service agreements with First Nations.
- 2.4 Work with education partners to enhance First Nations, Métis and Inuit students' educational outcomes.

#### Initiatives Supporting Key Objectives

- In 2019-20, \$53 million is allocated to help improve education outcomes for First Nations, Métis and Inuit students through First Nations, Métis, and Inuit self-identified funding for system, program and instructional supports.
- The Innovations in First Nations education grant program, with \$12.5 million allocated in 2019-20, is in place to increase opportunities for First Nations students to receive coordinated education supports and services that are responsive to their needs by building collaboration, coordination and capacity throughout the provincial and First Nations education systems.
- In 2019-20, \$1.8 million is allocated to support the development and implementation of provincial strategies in Indigenous language and culture programming through increasing the number of Indigenous language training opportunities and development of Indigenous language resources.
- To support First Nations in strengthening their education systems through capacity building and supporting local priorities such as language and culture revitalization, teacher professional development and parental and community engagement through framework agreements and second-level supports partnerships, \$9.53 million is allocated in 2019-20.

## Performance Metrics

### 2.a Performance Measure: Percentage of self-identified First Nations, Métis, and Inuit students who achieved the acceptable standard on grade 6 and 9 provincial achievement tests in Language Arts

In 2018-19, 64.3 per cent of self-identified First Nations, Métis, and Inuit students achieved the acceptable standard on grade 6 and 9 provincial achievement tests in Language Arts and 5.4 per cent achieved the standard of excellence.

#### TARGETS

	Acceptable	Excellence
2019-20:	64.5%	5.5%
2020-21:	64.6%	5.6%
2021-22:	64.8%	5.8%
2022-23:	65.0%	6.0%

**2.b Performance Measure: Percentage of self-identified First Nations, Métis, and Inuit students who achieved the acceptable standard on grade 6 and 9 provincial achievement tests in Mathematics**

In 2018-19, 43.1 per cent of self-identified First Nations, Métis, and Inuit students achieved the acceptable standard on grade 6 and 9 provincial achievement tests in Mathematics and 5.2 per cent achieved the standard of excellence.

**TARGETS**

	Acceptable	Excellence
2019-20:	43.3%	5.4%
2020-21:	43.5%	5.6%
2021-22:	43.7%	5.8%
2022-23:	44.0%	6.0%

**2.c Performance Measure: Percentage of self-identified First Nations, Métis, and Inuit students who achieved the acceptable standard on diploma examinations in Language Arts**

In 2018-19, 86.6 per cent of self-identified First Nations, Métis, and Inuit students achieved the acceptable standard on diploma examinations in Language Arts and 7.8 per cent achieved the standard of excellence.

**TARGETS**

	Acceptable	Excellence
2019-20:	86.8%	8.0%
2020-21:	87.0%	8.2%
2021-22:	87.2%	8.4%
2022-23:	87.4%	8.6%

For Performance Metrics 2.a, 2.b, and 2.c, changes in results between 0.8 per cent and 1.8 per cent are considered significant depending on the measure

**2.d Performance Measure: Percentage of self-identified First Nations, Métis, and Inuit students who achieved the acceptable standard on diploma examinations in Mathematics**

In 2018-19, 67.8 per cent of self-identified First Nations, Métis, and Inuit students achieved the acceptable standard on diploma examinations in Mathematics and 14.5 per cent achieved the standard of excellence.

**TARGETS**

	Acceptable	Excellence
2019-20:	68.0%	15.0%
2020-21:	68.3%	15.3%
2021-22:	68.6%	15.6%
2022-23:	69.0%	16.0%

## **2.e Performance Measure: Percentage of self-identified First Nations, Métis, and Inuit students who wrote four or more diploma examinations within three years of entering grade 10**

In 2017-18, 24.6 per cent of self-identified First Nations, Métis, and Inuit students wrote four or more diploma examinations within three years of entering grade 10. (2018-19 data available June 2020)

### **TARGETS**

2019-20:	25.0%
2020-21:	25.6%
2021-22:	26.3%
2022-23:	27.0%

## **2.f Performance Measure: Percentage of self-identified First Nations, Métis, and Inuit students who completed high school within five years of entering grade 10**

In 2017-18, 64.4 per cent of self-identified First Nations, Métis, and Inuit students completed high school within five years of entering grade 10. (2018-19 data available June 2020)

### **TARGETS**

2019-20:	65.0%
2020-21:	66.0%
2021-22:	67.0%
2022-23:	68.0%

For Performance Metrics 2.d, 2.e, and 2.f, changes in results between 2.1 per cent and 3.8 per cent are considered significant depending on the measure.

## **Outcome 3**

### **What We Want To Achieve**

#### **Alberta has excellent teachers, school leaders, and school authority leaders**

The ministry maintains high standards for teachers, school leaders, and school authority leaders by ensuring that their preparation and professional growth focus on the competencies needed to help students perform their best, and that effective learning and teaching are achieved through collaborative leadership. Teachers and leaders are responsible for analyzing the learning context, attending to local and societal considerations, and applying the appropriate knowledge and abilities to make decisions resulting in quality teaching, leading, and learning for all.

#### **Key Objectives**

- 3.1 Support the updated teaching quality standard and the new leadership and superintendent leadership quality standards.
- 3.2 Provide guidance on the evaluation of teacher and school leader performance.
- 3.3 Support the development of the teaching workforce in areas of demand and need.

- 3.4 Enhance the level of subject matter expertise in the teacher workforce in collaboration with the Ministry of Advanced Education.

#### Initiatives Supporting Key Objectives

- In 2019-20, \$1.6 million is allocated to implement professional practice standards including development of training modules and collaborative training with stakeholder groups.
- Growth is supported in teacher capacity through teacher bursary programs, including the northern teacher bursary program and rural practicum bursary program for future teachers, and the math bursary program for practicing teachers' coursework to improve their ability to teach math. This will cost \$1.4 million in 2019-20.
- To support the evaluation of performance through a revised teacher growth, supervision and evaluation policy that applies broadly to teachers and school leaders while allowing flexibility in local school authority policy-making and implementation, \$0.15 million is allocated in 2019-20.

## Performance Metrics

### 3.a Performance Measure: Percentage of teachers and school board members who agreed that teachers are prepared for teaching

In 2018-19, 76.2 per cent of teachers and school board members agreed that teachers are prepared for teaching.

#### TARGETS

2019-20:	77.0%
2020-21:	77.2%
2021-22:	77.4%
2022-23:	77.6%

### 3.b Performance Measure: Percentage of students and parents who agreed that students are engaged in their learning at school

In 2018-19, 79.6 per cent of students and parents agreed that students are engaged in their learning at school.

#### TARGETS

2019-20:	80.0%
2020-21:	80.6%
2021-22:	81.3%
2022-23:	82.0%

### 3.c Performance Measure: Percentage of students, parents, and teachers who agreed that students feel like they belong and are supported to be successful in their learning

In 2018-19, 83.8 per cent of students, parents, and teachers agreed that students feel like they belong and are supported to be successful in their learning.

#### TARGETS

2019-20:	84.0%
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2020-21:	84.5%
2021-22:	85.0%
2022-23:	85.5%

### 3.d Performance Measure: Percentage of students, parents, teachers, school board members, and the public who were satisfied with the opportunity of students to receive a solid grounding in core subjects

In 2018-19, 80.5 per cent of students, parents, teachers, school board members, and the public were satisfied with the opportunity of students to receive a solid grounding in core subjects.

#### TARGETS

2019-20:	81.0%
2020-21:	81.5%
2021-22:	82.0%
2022-23:	82.5%

### 3.e Performance Measure: Percentage of students, parents, teachers, and school board members who were satisfied with the opportunity of students to receive a broad program of studies

In 2018-19, 81.9 per cent of students, parents, teachers, and school board members were satisfied with the opportunity of students to receive a broad program of studies.

#### TARGETS

2019-20:	82.2%
2020-21:	82.8%
2021-22:	83.4%
2022-23:	84.0%

## Outcome 4

### What We Want To Achieve

#### Alberta's K–12 education system is well governed and managed

The ministry charts the course for the education system and oversees the administration of education programs and services. The department's mandate is to establish guiding legislation, allocate public funds, ensure accountability for funds and activities, and plan learning facilities that meet educational requirements. School divisions' mandate is to provide K–12 education, including educational services, establish policies respecting the provision of those education services, and maintain and repair school facilities. School division leaders must attend to their local and societal context, implement strategic direction, consider policy implementation, and manage fiscal resources to enable learning supports, quality teaching and leading, and student achievement.

#### Key Objectives

- 4.1 Support choice in education.
- 4.2 Fund the education system.



- 4.3 Ensure resources are being used effectively while providing more freedom for how school authorities plan and measure their work.

#### **Initiatives Supporting Key Objectives**

- In 2019-20, \$7.7 billion is allocated to provide funding to the education system in Alberta to support students, parents, teachers and administrators from Early Childhood Services (ECS) through Grade 12.
- To ensure Alberta students have access to private early childhood services, home education programs, charter schools, private schools and alternative programming, \$400 million is allocated in 2019-20.
- In 2019-20, \$200 million is allocated to upgrade and maintain schools.

## **Performance Metrics**

#### **4.a Performance Measure: Percentage of students, parents, teachers, and school board members who were satisfied that school provides a safe, caring, and healthy learning environment**

In 2018-19, 86.2 per cent of students, parents, teachers, and school board members were satisfied that school provides a safe, caring, and healthy learning environment.

##### **TARGETS**

2019-20:	86.5%
2020-21:	87.0%
2021-22:	87.5%
2022-23:	88.0%

#### **4.b Performance Measure: Percentage of students, parents, teachers, school board members, and the public who were satisfied with the quality of K–12 education**

In 2018-19, 85.4 per cent of students, parents, teachers, school board members, and the public were satisfied with the quality of K–12 education.

##### **TARGETS**

2019-20:	85.8%
2020-21:	86.2%
2021-22:	86.6%
2022-23:	87.0%

#### **4.c Performance Measure: Percentage of students, parents, teachers, and school board members who were satisfied that the learning space in schools meets the needs of students**

In 2018-19, 81.2 per cent of students, parents, teachers, and school board members were satisfied that the learning space in schools meets the needs of students.

##### **TARGETS**

2019-20:	81.6%
2020-21:	82.0%

2021-22:	82.5%
2022-23:	83.0%

#### **4.d Performance Measure: Percentage of businesses and industries who were satisfied with the educational attainment of recent high school graduates**

In 2015-16, 84.3 per cent of businesses and industries were satisfied with the educational attainment of recent high school graduates.

##### **TARGETS**

2019-20:	84.2%
2020-21:	84.4%
2021-22:	84.7%
2022-23:	85.0%

#### **4.e Performance Measure: Percentage of parents, teachers, and the public who were satisfied that students demonstrate attitudes, skills, knowledge, and behaviours to be successful when they finish school**

In 2018-19, 73.8 per cent of parents, teachers, and the public were satisfied that students demonstrate attitudes, skills, knowledge, and behaviours to be successful when they finish school.

##### **TARGETS**

2019-20:	74.0%
2020-21:	74.5%
2021-22:	75.0%
2022-23:	75.5%

## STATEMENT OF OPERATIONS

(thousands of dollars)

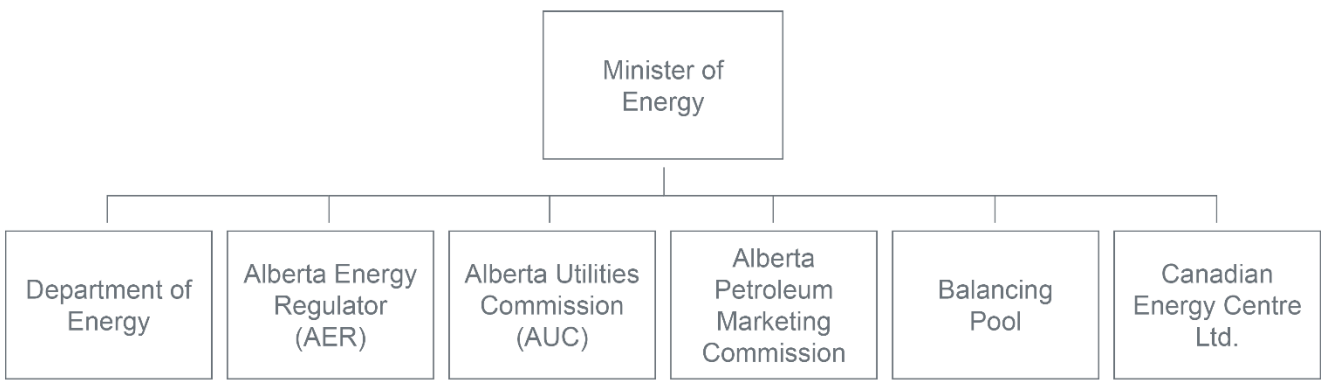
(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Education Property Tax	2,446,000	2,441,044	2,454,700	2,566,700	2,660,700	2,766,700
Transfers from Government of Canada	114,719	114,885	119,963	122,360	124,698	127,086
Premiums, Fees and Licences	179,305	166,867	192,734	201,050	209,535	218,385
Investment Income	14,183	24,734	26,083	26,651	27,204	27,769
Internal Government Transfers	20,283	326,120	316,583	319,150	322,582	325,327
Fundraising, Gifts and Donations	80,461	76,134	66,153	66,153	66,153	66,153
Other Revenue	163,336	171,350	187,106	187,106	187,106	187,106
Ministry Total	3,018,287	3,321,134	3,363,322	3,489,170	3,597,978	3,718,526
Inter-Ministry Consolidations	(21,333)	(326,226)	(316,583)	(319,150)	(322,582)	(325,327)
Consolidated Total	2,996,954	2,994,908	3,046,739	3,170,020	3,275,396	3,393,199
EXPENSE						
Ministry Support Services	8,980	10,275	6,510	6,510	6,510	6,510
Instruction - ECS to Grade 12	6,206,613	6,380,724	6,399,360	6,395,859	6,407,706	6,407,552
Operations and Maintenance	722,603	745,930	706,594	700,214	700,302	700,392
Student Transportation	352,690	375,309	362,242	362,280	362,318	362,354
Accredited Private Schools and Early Childhood Service Operators	274,019	286,284	290,656	289,656	277,656	277,656
School Facilities	349,000	413,616	350,000	352,000	356,000	360,000
Governance and System Administration	248,907	278,678	278,672	278,510	278,538	278,566
Program Support Services	208,444	198,012	186,573	196,801	196,800	196,800
Debt Servicing Costs	40,826	45,182	40,156	39,247	38,386	37,556
Pension Provision	(128,012)	(110,537)	(113,238)	(143,712)	(82,319)	-
Ministry Total	8,284,070	8,623,473	8,507,525	8,477,365	8,541,897	8,627,386
Inter-Ministry Consolidations	(25,924)	(58,963)	(3,909)	(3,828)	(3,758)	(3,758)
Consolidated Total	8,258,146	8,564,510	8,503,616	8,473,537	8,538,139	8,623,628
Net Operating Result	(5,261,192)	(5,569,602)	(5,456,877)	(5,303,517)	(5,262,743)	(5,230,429)
CAPITAL INVESTMENT						
School Facilities	741,344	677,170	738,160	876,498	652,919	435,827
Program Support Services	565	378	751	565	565	565
Ministry Total	741,909	677,548	738,911	877,063	653,484	436,392
Consolidated Total	741,909	677,548	738,911	877,063	653,484	436,392

# Energy

## Business Plan 2019–23

### Ministry Mandate and Structure

The Ministry of Energy represents the interests of Albertans as the owners of oil and gas resources in the province, and contributes to sustained prosperity through responsible resource development and the stewardship of energy and mineral resource systems.



Note: The Post Closure Stewardship Fund is a regulated fund that is administered by the department

A more detailed description of Energy and its programs and initiatives can be found at: [www.energy.alberta.ca](http://www.energy.alberta.ca).

### Ministry Outcomes

- Albertans benefit economically from investment in responsible energy and mineral development and access to global markets
- Effective, efficient stewardship and regulation of Alberta’s energy and mineral resources

# Outcome 1

## What We Want To Achieve

### **Albertans benefit economically from investment in responsible energy and mineral development and access to global markets**

The ministry develops and manages policies and programs related to the province's royalty system to attract industry investment, provide jobs, business opportunities, tax revenue, and numerous other benefits to the provincial economy. It advocates for increased pipeline access to global markets to strengthen both provincial and national economies, while proactively communicating how energy is produced with the highest environmental, labour, and human rights standards on earth. It seeks to influence challenges facing the natural gas sector, including those related to loss of markets, price volatility, intra- and inter-provincial natural gas transmission, natural gas storage, and market access. The ministry advances a modern, market-based electricity system in Alberta that attracts investment and provides affordable electricity for consumers and job creators. Reducing burdensome red tape and improving investor certainty in the energy sector will further these outcomes and help get Albertans back to work.

### **Key Objectives**

- 1.1 Improve market access for Alberta's energy resources and products through advocacy and other support for new and expanded pipelines, while seeking to create alignment on resource corridors to expedite future major pipeline approvals.
- 1.2 Establish the Canadian Energy Centre to respond in real time to misinformation about Alberta's energy industry.
- 1.3 Launch a public inquiry into foreign sources of funds behind the anti-Alberta energy campaigns.
- 1.4 Create an investment climate that supports the development of energy resources in the province.
- 1.5 Implement a robust natural gas strategy, including the optimization of the Western Canadian pipeline network and pursuit of opportunities for increased pipeline capacity and markets within Alberta.
- 1.6 Implement initiatives that support natural gas value chains and value-added processing in the province.
- 1.7 Ensure Alberta participates in global liquefied natural gas opportunities.
- 1.8 Increase certainty in the wholesale electricity market, creating the conditions for future investment in generation and the welcoming of market driven investment in renewable energy generation.

### **Initiatives Supporting Key Objectives**

- The department leads and coordinates strategic energy related policy discussions, develops strategic and integrated policies and plans for energy and mineral development, and enables markets and Alberta's electricity system. Energy policy will cost \$44 million in 2019-20.
- Recognizing that the world needs more energy produced by jurisdictions with responsible energy development, reclamation and environmental standards to fuel the demands of the world's growing economy, this work will re-assert Alberta as a leader in this field. In 2019-20, \$30 million is allocated for the Canadian Energy Centre.
- The department oversees Alberta's energy, mines and minerals royalty and tenure systems; accurately calculates and collects revenues from energy and mineral royalties, mineral rights leases, bonuses and rent. Energy operations will cost \$22 million in 2019-20.

## Performance Metrics

### 1.a Performance Measure: Alberta oil sands supply share of global oil consumption

In 2018, Alberta's oil sands supply share of global oil consumption was 3.1 per cent.

#### TARGETS

2019-20:	3.1%
2020-21:	3.2%
2021-22:	3.3%
2022-23:	3.4%

### 1.b Performance Indicator: Production

	2015	2016	2017	2018
<b>Alberta's crude oil and equivalent annual production</b>				
• Volume (thousands of barrels/day)	3,097	3,091	3,390	3,721
• As a percentage of Canadian production	80.0%	79.8%	80.5%	81.1%
• Total percentage of crude oil leaving Alberta	85%	86%	85%	87%
<b>Alberta's total marketable natural gas annual production</b>				
• Volume (billion cubic feet/day)	10.14	10.17	10.65	10.54
• As a percentage of Canadian production	67.6%	66.8%	67.9%	65.2%
• Total percentage of natural gas leaving Alberta	63%	62%	60%	57%

### 1.c Performance Indicator: Investment (2018 results are preliminary actual and are likely to be revised in the future.)

	2015	2016	2017	2018
<b>Upstream: Mining, Quarrying, and Oil and Gas industry investment in Alberta</b>				
• Cdn\$ Billions	40	28	29	28*
• Alberta as a percentage of Canadian investment	63%	59%	58%	59%*
<b>Downstream: Petroleum, Coal and Chemical Manufacturing</b>				
• Cdn\$ Billions	1.30	1.15	0.86	1.68*
• Alberta as a percentage of Canadian investment	36%	34%	29%	37%*

## Outcome 2

### What We Want To Achieve

#### Effective, efficient stewardship and regulation of Alberta's energy and mineral resources

Government is committed to cutting red tape by one third. To this end, the ministry will improve the clarity and efficiency of Alberta's energy regulatory system, while modernizing legislation and regulations to restore the competitiveness of the Alberta energy sector and win back the confidence of investors. A strategic and integrated system approach to responsible resource development balances the overall environmental, economic and social outcomes for the benefit of Albertans while ensuring Alberta has a predictable regulatory environment that is attractive to investors.

#### Key Objectives

- 2.1 Lead efforts to review the liability management framework and the process for well and facility abandonment and reclamation in Alberta, ensuring liabilities are covered without discouraging new investment.
- 2.2 Collaborate with other ministries to establish a balanced and sustainable approach to resource management to manage the combined or cumulative effects of resource development, including regional planning.
- 2.3 Optimize regulation and oversight to ensure the efficient, effective and environmentally responsible development of Alberta's energy resources through the Alberta Energy Regulator (AER).
- 2.4 Enhance regulation and oversight of Alberta's utilities, through the Alberta Utilities Commission (AUC), to ensure social, economic and environmental interests of Alberta are protected.
- 2.5 Audit the financial losses of the power purchase agreements held through the Balancing Pool.

#### Initiatives Supporting Key Objectives

- The Alberta Energy Regulator is responsible for regulating oil, natural gas, oil sands and coal development in Alberta. It ensures the safe, efficient, orderly and environmentally responsible development of Alberta's energy resources. This includes allocating and conserving water resources, managing public lands and protecting the environment while securing economic benefits for all Albertans. This will cost \$236 million in 2019-20, funded through an industry levy.
- The Alberta Utilities Commission regulates the utilities sector, and natural gas and electricity markets to protect social, economic and environmental interests of Alberta where competitive market forces do not. In 2019-20, this will cost \$33 million, funded through an administrative fee on Alberta's utilities.
- The ministry addresses the growing inventory of orphaned well sites, while creating jobs in the oilfield and environmental service sectors and maintaining the polluter pays principle. Orphan well decommissioning will cost \$56 million in 2019-20.

## Performance Metrics

### 2.a Performance Measure: Timeliness of application processing (Alberta Energy Regulator)

In 2018-19, 93.6 per cent of Alberta Energy Regulator applications met turnaround targets.

#### TARGETS

2019-20:	95%
2020-21:	95%
2021-22:	95%
2022-23:	95%

## 2.b Performance Measure: Timeliness of the needs and facility applications (Alberta Utilities Commission)

In 2018, 87.5 per cent of Alberta Utilities Commission needs and facilities applications were determined within 180 days.

### TARGETS

2019-20:	100%
2020-21:	100%
2021-22:	100%
2022-23:	100%

## 2.c Performance Indicator: Regulatory enforcement (Alberta Energy Regulator)

	2015-16	2016-17	2017-18	2018-19
Percent of inspections that did not result in enforcement actions	99.3%	99.1%	99.3%	98.9%

## 2.d Performance Indicator: Pipeline safety (Alberta Energy Regulator)

	2015	2016	2017	2018
Number of high-consequence pipeline incidents	32	29	26	24

## 2.e Performance Indicator: Annual Wells Decommissioned (Alberta Energy Regulator)

	2015	2016	2017	2018
Annual Wells Decommissioned (Alberta Energy Regulator)				
• Number of wells decommissioned and left in a safe and secure condition (by year)	4,435	3,518	5,392	5,301
• Per cent of wells decommissioned and left in a safe and secure condition compared to inactive well population (by year)	5.1%	3.8%	5.7%	5.6%



## STATEMENT OF OPERATIONS

(thousands of dollars)

(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Freehold Mineral Rights Tax	87,000	66,882	67,000	70,000	78,000	81,000
Natural Gas and By-Products Royalty	541,000	535,925	362,000	487,000	700,000	777,000
Crude Oil Royalty	1,053,000	1,149,125	1,163,000	1,034,000	1,153,000	1,272,000
Bitumen Royalty	1,785,000	3,213,729	4,682,000	3,492,000	4,470,000	6,131,000
Coal Royalty	11,000	9,803	9,000	10,000	10,000	10,000
Bonuses and Sales of Crown Leases	327,000	360,467	164,000	239,000	287,000	291,000
Rentals and Fees	112,000	159,961	147,000	124,000	118,000	110,000
Energy Regulation Industry Levies and Licences	297,841	298,528	288,535	269,469	273,712	263,986
Utility Regulation Industry Levies and Licences	34,724	31,125	31,685	32,663	32,663	32,163
Investment Income	1,167	2,601	1,167	1,167	1,167	1,167
Other Revenue	905	30,318	1,905	905	905	905
Other Premiums, Fees and Licences	3,542	9,545	3,542	3,542	3,542	3,542
Net Income Alberta Petroleum Marketing Commission	118,798	(215,109)	(172,482)	(78,712)	(263,923)	(233,842)
Net Income Balancing Pool	160,931	360,880	210,192	85,209	93,759	103,318
Ministry Total	4,533,908	6,013,780	6,958,544	5,770,243	6,957,825	8,843,239
Inter-Ministry Consolidations	-	(146)	-	-	-	-
Consolidated Total	4,533,908	6,013,634	6,958,544	5,770,243	6,957,825	8,843,239
EXPENSE						
Ministry Support Services	6,123	5,420	7,443	7,073	7,073	7,073
Resource Development and Management	59,485	62,441	95,498	90,064	90,036	90,088
Cost of Selling Oil	79,600	79,512	83,000	84,000	96,000	96,000
Climate Change	106,435	84,828	103,472	29,275	33,014	27,387
Market Access	-	5,850	1,500,000	-	-	-
Carbon Capture and Storage	273,504	165,912	136,468	71,894	58,934	58,914
Energy Regulation	253,250	259,451	236,331	213,412	212,775	208,743
Orphan Well Abandonment	45,500	45,959	55,813	57,466	70,500	70,500
Utilities Regulation	35,924	32,181	32,885	32,863	32,863	32,863
Ministry Total	859,821	741,554	2,250,910	586,047	601,195	591,568
Inter-Ministry Consolidations	-	(985)	-	-	-	-
Consolidated Total	859,821	740,569	2,250,910	586,047	601,195	591,568
Net Operating Result	3,674,087	5,273,065	4,707,634	5,184,196	6,356,630	8,251,671
CAPITAL INVESTMENT						
Ministry Support Services	874	11	874	874	874	874
Energy Regulation	15,000	19,145	12,300	14,500	14,500	9,000
Utilities Regulation	1,000	907	1,000	2,000	2,000	1,500
Consolidated Total	16,874	20,063	14,174	17,374	17,374	11,374

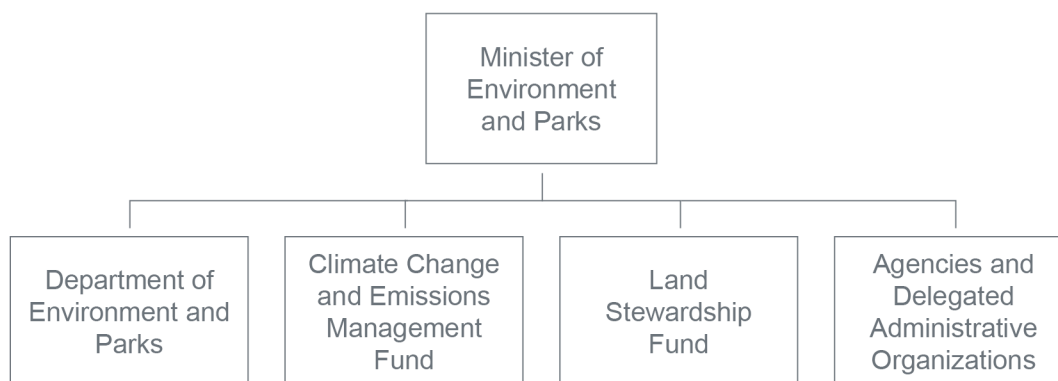
# Environment and Parks

## Business Plan 2019–23

### Ministry Mandate and Structure

The Ministry of Environment and Parks represents the interests of Albertans in delivering a balanced, common-sense and results-based approach to the stewardship of Alberta’s environment while enabling sustainable resource development that supports social and economic well-being.

Within the department’s budget, funding is provided for the Land Use Secretariat and the Integrated Resource Management Secretariat. The ministry is supported by over 20 public agencies and delegated administrative organizations (DAOs) that conduct work on behalf of or provide advice to the government. Information on these public agencies and DAOs is available at [www.alberta.ca/public-agency-list.cfm](http://www.alberta.ca/public-agency-list.cfm).



A more detailed description of Environment and Parks and its programs and initiatives can be found at [www.alberta.ca/environment-and-parks.aspx](http://www.alberta.ca/environment-and-parks.aspx).

### Ministry Outcomes

- Environment and ecosystem health and integrity
- Sustainable economic development
- Public well-being
- Public health and safety from environmental conditions and events

# Outcome 1

## What We Want To Achieve

### Environment and ecosystem health and integrity

Environment and ecosystem health and integrity are indispensable to the well-being of Albertans. Part of achieving and sustaining this outcome includes leadership and effective consultation, collaboration and partnerships to develop and implement regional and sub-regional land use plans, environmental frameworks, and complementary strategies. Adherence to high scientific standards, improving data collection, and leveraging local and Indigenous knowledge contributes to informed and quality decision making. Legislation and regulation underpin the ministry's approach to implementing policies and programs, and they require periodic updates to address current and emergent issues. These efforts and commitments are reflected in the ministry's key objectives for the next four fiscal years.

### Key Objectives

- 1.1 Collaborative and integrated regional and sub-regional land use planning and implementation effectively balances environmental, economic and social concerns.
- 1.2 Leverage traditional and other effective conservation measures in collaboration with non-government partners to develop and advance conservation projects and programs.
- 1.3 Effective stewardship of Alberta's environmental resources is supported through development and implementation of targeted strategies and frameworks.
- 1.4 Alberta's ambient environmental condition is monitored, evaluated and reported upon.
- 1.5 Environmental legislation and regulation is modernized to address current and emerging issues.

### Initiatives Supporting Key Objectives

- In 2019-20, \$20.9 million is allocated to regional and sub-regional land-use planning. The ministry is committed to returning to a comprehensive, collaborative and integrative approach in regional and sub-regional planning to manage cumulative effects and achieve desired economic, societal and environmental goals for a region, including the advancement of caribou management and recovery plans and implementation.
- In 2019-20, \$15 million is allocated to the Land Trust Grant Program and Land Purchase Program. Increased funding will support efforts aimed at conserving ecologically important lands to prevent habitat fragmentation, maintain biodiversity, and preserve native landscapes.
- In 2019-20, \$50 million is allocated to the Oil Sands Monitoring Program to deliver ambient environmental monitoring within the oil sands area to enhance understanding of the cumulative effects of oil sands development.
- In 2019-20, \$21 million is allocated to Science and Environment Monitoring to provide scientifically sound environment monitoring, evaluation and transparent reporting to inform cumulative effects decision-making.
- In 2019-20, \$1.3 million is allocated to Cows and Fish (Alberta Riparian Habitat Management Society), a non-profit society striving to foster a better understanding of how improvements in grazing and other management of riparian areas can enhance landscape health and productivity for the benefit of landowners, agricultural producers, communities and others who use and value riparian areas.

## Performance Metrics

- 1.a Performance Measure: Percentage of recognized protected and conserved areas** *(This measure includes protected areas under federal and provincial jurisdiction that meet the International Union for Conservation of Nature definition. Protected and conserved areas contribute to the achievement of biodiversity conservation objectives. These areas provide habitat to support viable species populations and ecosystem services such as water quality and quantity, air purification, and nutrient recycling.)*  
The last actual was 14.7 per cent (2018-19).

### TARGETS

2019-20:	15.83%
2020-21:	17.00%
2021-22:	17.00%
2022-23:	17.00%

- 1.b Performance Indicator: Percentage of good air quality days in urban areas** *(The air quality index reflects the overall provincial air quality based on ambient air quality objectives and guidelines of five major pollutants: fine particulate matter, ozone, carbon monoxide, nitrogen dioxide and sulphur dioxide. The Canadian Ambient Air Quality Standards focus on long-term ambient levels of fine particulate matter and ozone in the province's six air zones and complement the air quality index by guiding air quality management actions.)*

	2016	2017	2018
Actuals	97.0%	95.5%	90.4%

- 1.c Performance Indicator: Percentage of vertebrate species designated as 'at risk'** *(Results are reported once every five years as committed to as a signatory of Canada's Accord for the Protection of Species at Risk.)*

	2005	2010	2015
Actuals	3.4%	3.7%	4.2%

- 1.d Performance Indicator: Kilograms per capita of municipal solid waste disposed of in landfills**

	2016	2017	2018
Actuals	565	558	617

- 1.e Performance Indicator: Number of inter-provincial and international transboundary river water quantity outflow obligations met** *(Interim data from administrative bodies have been used to populate 2016, 2017, and 2018 results.)*

	2016	2017	2018
Actuals	7 out of 7	7 out of 7	7 out of 7

## Outcome 2

### What We Want To Achieve

#### Sustainable economic development

Sustainable economic development offers Albertans opportunities for the economic well-being and quality of life they desire, within environmental capacity. Alberta, as a resource-based economy that contributes significantly to Canada's economic well-being, will continue work to balance interrelated environmental, economic, and social needs through responsible development of the province's natural resources. This includes actions to mitigate greenhouse emissions by working collaboratively with large heavy emitters and investing in innovation and the practical application of technology. Enhanced economic development opportunities will also be supported through effective public land utilization and reduction of unnecessary regulatory and process burdens while still protecting environmental and social needs.

#### Key Objectives

- 2.1 An integrated regulatory assurance framework increases the effectiveness of Alberta's environmental approval and compliance processes.
- 2.2 Provincial policy encourages and increases the use of development credits and conservation offsets.
- 2.3 Climate change is addressed through the development and implementation of the Technology Innovation and Emissions Reduction (TIER) system and effective innovation and practical programming in collaboration with large final emitters and other stakeholders.
- 2.4 Mandatory environmental impact assessments for major economic development proposals and social-economic impact assessments for environmental protection proposals support evidence-based decision-making.
- 2.5 Reclamation responsibilities are addressed through effective liability management policies and providing options to industry to pay adequate security.

#### Initiatives Supporting Key Objectives

- In 2019-20, \$8.0 million is allocated to the Integrate Regulatory Business Process initiative to improve business process and efficiency through development of technology solutions leveraging cloud technology to allow for collaborative work in real-time by numerous experts who impact the regulatory process and decision makers. (Budget allocated and initiative delivered through Service Alberta.)
- In 2019-20, \$4.0 million is allocated to the Wetland Restoration Program to enable the Government of Alberta to collect wetland replacement fees and expend them on wetland restoration projects in priority areas.
- In 2019-20, \$231.2 million is allocated to Environment and Parks from funding that is derived from the Technology Innovation and Emissions Reduction (TIER) system. The TIER system for Alberta's large final emitters will protect the competitiveness of Alberta's industry while achieving real emission reductions.
  - Emissions Management Programming: effective and practical investments in innovation and technology, and related emissions reduction programming, will support further reductions.
  - Oil Sands Innovation Fund: partnerships with Alberta's oil sands sector will support practical investments to help reduce greenhouse gas emissions at emission intensive facilities.

## Performance Metrics

- 2.a Performance Measure: Percentage of provincially priced greenhouse gas emissions** (*Environment and Climate Change Canada CO<sub>2</sub> equivalent greenhouse gas emissions results have an 18-month lag, therefore the most current last actual is 64 percent for 2017. The impact of the carbon tax on combustion of transportation and heating fuel emissions introduced in January 1, 2017 is demonstrated in the table below. The target of 48 percent reflects the*

*anticipated impact of discontinuing the Carbon Tax and the remaining percentage of emissions priced through the existing Carbon Competitiveness Incentive Regulation (CCIR). The details of the Technology Innovation and Emissions Reduction (TIER) system, which will replace CCIR, are under development and targets may be adjusted once TIER is implemented. The pricing of greenhouse gas emissions through provincial legislation and regulation furthers responsible and sustainable economic development in Alberta by providing a financial incentive to lower greenhouse gas emissions that contribute to climate change.)*

#### Priced Greenhouse Gas Emissions 2017

With carbon tax	64 per cent
Without carbon tax	48 per cent

#### TARGETS

2019-20:	48%
2020-21:	48%
2021-22:	48%
2022-23:	48%

**2.b Performance Indicator: Total million tonnes of greenhouse gas emissions** *(Results for 2015 and 2016 have been restated due to a change in Environment and Climate Change Canada's (ECCC) methodology. ECCC CO<sub>2</sub> equivalent greenhouse gas emissions results have an 18-month reporting lag.)*

	2015	2016	2017
Actuals	275	264	273

## Outcome 3

### What We Want To Achieve

#### Public Well-being

Alberta's natural environments offer educational and recreational experiences that positively contribute to human health and quality of life. These same experiences contribute to a diversified economy through sustainable recreation and tourism opportunities. The ministry provides Albertans, and visitors, opportunities to explore natural landscapes, engage in nature-based experiences or outdoor recreational activities, and learn about Alberta's natural heritage through access to Alberta Parks, public lands and educational, interpretative and experiential programs and services. Urban parks, such as Fish Creek Provincial Park, Lois Hole Centennial Provincial Park and the planned Big Island Provincial Park, enhance the quality of urban life through utilization of green space. The ministry works with Albertans, including Indigenous populations, using a common sense approach to integrate environmental stewardship with recreational access and conservation.

#### Key Objectives

- 3.1 Improve recreational access management through effective public lands management, introducing an Alberta Trails Act and establishing a trail fee to restore and create trails.
- 3.2 Local and issue-based land use planning ensures all Albertans can enjoy and appreciate parks and public lands, including through creation of the capital region Big Island Provincial Park and development of a public lands backcountry outdoor recreation, education and management plan.

- 3.3 Engagement and consultations with stakeholders and the public maintains or improves operations and visitor enjoyment of Alberta Parks and public lands.

#### Initiatives Supporting Key Objectives

- In 2019-20, \$53.4 million is allocated to Alberta Parks Infrastructure for improvements and maintenance of Parks infrastructure to enhance recreational enjoyment and tourism opportunities through effective planning, maintenance, repair, renewal, expansion and new development.
- In 2019-20, \$52.1 million is allocated to Alberta Parks Operations and Visitor Services to support opportunities for outdoor recreation and nature-based tourism through effective operational management and quality visitor services of Alberta Parks.
- In 2019-20, \$13.9 million is allocated to the Fish Culture Program. This program raises fish in hatcheries to support Alberta's sports fishing industry and to meet numerous conservation goals including:
  - re-establishing fish where populations have collapsed;
  - establishing new populations in suitable lakes;
  - providing trout fishing in areas where few other angling opportunities exist; and
  - providing diversity in angling experiences.

The budget allocation includes infrastructure improvements to the Allison Creek Fish Hatchery and Raven Brood Station.

## Performance Metrics

- 3.a Performance Measure: Percentage of Albertans who purchased a hunting wildlife certificate** *(The stated reporting period has been corrected from calendar year to fiscal year. Environment and Parks issues hunting wildlife certificates and sportfishing fishing licences to provide Albertans opportunities to participate in nature-based recreational activities. Monitoring certificate and licence sales helps assess the success of maintaining hunting and fishing at sustainable levels.)*

The last actual was 2.88 per cent (2018-19).

#### TARGETS

2019-20:	3.00%
2020-21:	3.00%
2021-22:	3.00%
2022-23:	3.00%

- 3.b Performance Measure: Percentage of Albertans who purchased a Canadian sportfishing licence** *(The stated reporting period has been corrected from calendar year to fiscal year.)*

The last actual was 6.18 per cent (2018-19).

#### TARGETS

2019-20:	7.00%
2020-21:	7.00%
2021-22:	7.00%
2022-23:	7.00%

**3.c Performance Measure: Percentage of Albertans that are satisfied with the quality of services and facilities of provincial parks or protected areas** *(The 2018-19 result reported in the AEP 2018-19 annual report has been corrected from 86.6 percent to a last actual of 87.2 percent. Targets were also reduced to 90 percent from 95 percent to reflect a more gradual improvement in visitor satisfaction anticipated through progressive maintenance and infrastructure upgrades. Alberta Parks manages land, facilities and services within the provincial parks and protected areas system to provide enjoyable visitor experiences, educational programs and recreational opportunities in nature. Measuring visitor satisfaction with the quality of facilities, campgrounds, day use areas and trails, as well as public education programs and tours, and reservation and public information services provides valuable feedback for future planning and continuous improvement.)*

#### TARGETS

2019-20:	90.00%
2020-21:	90.00%
2021-22:	90.00%
2022-23:	92.00%

**3.d Performance Indicator: Percentage of Albertans who visited provincial parks or protected areas** *(Alberta Parks visitation has shifted from a performance measure to a performance indicator as results are highly influenced by external factors and the ministry has limited contribution toward achieving performance metric results. In 2018-19, a new baseline was established, as results are not comparable to previous years due to survey question design changes. The use of provincial parks and protected areas maps, lists of locations, and search features were added to the visitation question in an online survey to aid in respondent location recall and brand recognition. This improved methodology discovered visitation was 63.4 per cent (last actual) not 34.5 per cent as reported under the old methodology in the ministry's 2018-19 Annual Report.)*

#### 2018-19

Actual	63.4%
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## Outcome 4

### What We Want To Achieve

#### Public health and safety from environmental conditions and events

Albertans and visitors want to be safe when they live, work and play in Alberta's outdoors. Environment and Parks works with other ministries and agencies to protect Albertans from the adverse effects of environmental conditions and events and maintains access to safe drinking water and maintenance of dams and related water infrastructure. The ministry also works collaboratively with communities and municipalities to effectively respond to emergencies and, strengthen environmental resilience and adaptation through infrastructure changes and development of comprehensive response plans and programs.

#### Key Objectives

- 4.1 Impact of environmental conditions and events including floods, droughts and invasive species are anticipated, responded to and mitigated.
- 4.2 Visitors to Alberta's parks, protected areas and other public lands have a safe and pleasant experience.
- 4.3 Albertans and Indigenous communities have safe and quality drinking water.



- 4.4 Alberta Government owned or operated water management and monitoring infrastructure is safe and effective.
- 4.5 Albertans are resilient to environmental impacts through increased awareness, skills and capacity for adaptation.

### Initiatives Supporting Key Objectives

- In 2019-20, \$15.3 million is allocated to conservation officers and Alberta Environment and Parks Support and Emergency Response Team (ASERT) to ensure effective emergency response, public safety, security and lawful use of Alberta parks and public lands through the Alberta's Conservation Officer and seasonal Park Rangers programs, and ASERT.
- In 2019-20, \$41.9 million is allocated to Flood Adaptation and Resilience to help communities adapt to and mitigate on-going flood risks through services including the provincial River Forecast Centre and programs such as the Alberta Community Resilience Program, Watershed Resiliency Restoration Program and Flood Hazard Mapping.
- In 2019-20, \$19.4 million is allocated to Water Management Infrastructure Operations. The department operates and maintains approximately \$9 billion of provincially-owned water management infrastructure that contributes to managing multi-purpose water supply in the face of potentially adverse impacts from flood and drought conditions. As the single largest dam owner in the province, the department ensures compliance with Dam and Canal Safety Regulations and mitigates infrastructure risk related to public safety, environmental impacts and economic losses.

## Performance Metrics

### 4.a Performance Measure: Percentage of water management infrastructure in good, fair and poor status

*(Water management infrastructure status is based on an aggregate assessment of physical condition, functional adequacy, utilization and consequence of failure, measured in current year replacement value dollars.*

*Good: Infrastructure requiring normal maintenance or operations, rated low or medium priority for rehabilitation and replacement.*

*Fair: Infrastructure requiring above normal maintenance and/or modified operations, rated elevated priority for rehabilitation or replacement.*

*Poor: Infrastructure requiring significantly above normal maintenance and/or significantly modified operations, rated high priority for rehabilitation or replacement with an action plan for implementation.)*

In 2018-19, last actuals were 76.2 per cent of water management infrastructure was in good status, 18.7 per cent was in fair status and 5.1 per cent was in poor status.

*(Environment and Parks is responsible for maintaining provincially-owned water management infrastructure that contributes to managing water supply and adverse impacts of flood and drought. The maintenance and rehabilitation of infrastructure ensures that the physical condition, functional adequacy and utilization of infrastructure to meet service levels and standards. Consequences of infrastructure failure is factored into assessments to manage risks related to public safety, environmental impacts and economic losses.)*

### TARGETS

	Good	Fair	Poor
2019-20:	N/A	≤20.0%	≤5.0%
2020-21:	N/A	≤20.0%	≤5.0%
2021-22:	N/A	≤20.0%	≤5.0%
2022-23:	N/A	≤20.0%	≤5.0%

## STATEMENT OF OPERATIONS

(thousands of dollars)

(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Transfers of Assets or Liabilities from Related Parties	124,675	127,074	35,011	31,582	29,132	29,132
Transfers from Government of Canada	29,074	4,610	34,408	1,949	2,163	3,145
Investment Income	4,507	12,547	11,554	3,621	2,137	2,078
Premiums, Fees and Licences	127,253	147,424	118,142	116,440	111,967	114,357
Climate Change and Emissions Management Fund	537,000	517,835	546,000	476,000	453,000	414,000
Other Revenue	85,281	89,653	78,208	75,854	75,934	75,934
Ministry Total	907,790	899,143	823,323	705,446	674,333	638,646
Inter-Ministry Consolidations	(139,493)	(138,021)	(49,649)	(44,220)	(41,770)	(41,770)
Consolidated Total	768,297	761,122	773,674	661,226	632,563	596,876
EXPENSE						
Ministry Support Services	30,691	27,061	25,728	25,397	25,429	25,429
Air	18,867	21,613	20,011	19,345	19,345	19,345
Land	58,789	65,211	64,618	61,568	61,620	61,982
Water	108,275	107,281	129,882	126,302	103,895	111,115
Fish and Wildlife	54,821	42,731	38,473	38,755	39,211	40,964
Integrated Planning	36,201	51,216	31,100	31,380	31,373	31,373
Parks	106,634	110,281	112,140	115,956	111,062	111,462
Land Use Secretariat	6,134	6,080	5,232	5,224	5,219	5,219
Science and Monitoring	82,264	77,476	73,777	73,985	73,983	73,983
Emissions Management	300,156	238,720	231,226	205,590	202,490	189,330
Quasi-Judicial Bodies	9,068	14,223	7,154	7,129	7,129	7,126
2013 Alberta Flooding	13,309	10,327	1,100	-	-	-
Ministry Total	825,209	772,220	740,441	710,631	680,756	677,328
Inter-Ministry Consolidations	(23,768)	(24,246)	(15,983)	(13,983)	(13,983)	(13,983)
Consolidated Total	801,441	747,974	724,458	696,648	666,773	663,345
Net Operating Result	(33,144)	13,148	49,216	(35,422)	(34,210)	(66,469)
CAPITAL INVESTMENT						
Ministry Support Services	2,725	112	3,295	2,875	425	425
Air	-	12	-	-	-	-
Land	5,602	5,899	6,342	5,602	5,602	5,602
Water	122,375	263	32,284	29,132	29,132	29,132
Fish and Wildlife	10,057	6,422	19,379	7,323	16,263	9,337
Integrated Planning	-	501	-	-	-	-
Parks	37,932	37,243	43,306	42,932	40,932	40,482
Science and Monitoring	1,000	2,745	2,248	1,000	1,000	1,000
Quasi-Judicial Bodies	17	-	17	17	17	17
2013 Alberta Flooding	8,378	4,658	1,378	-	-	-
Ministry Total	188,086	57,855	108,249	88,881	93,371	85,995
Inter-Ministry Consolidations	(124,675)	-	(35,011)	(31,582)	(29,132)	(29,132)
Consolidated Total	63,411	57,855	73,238	57,299	64,239	56,863



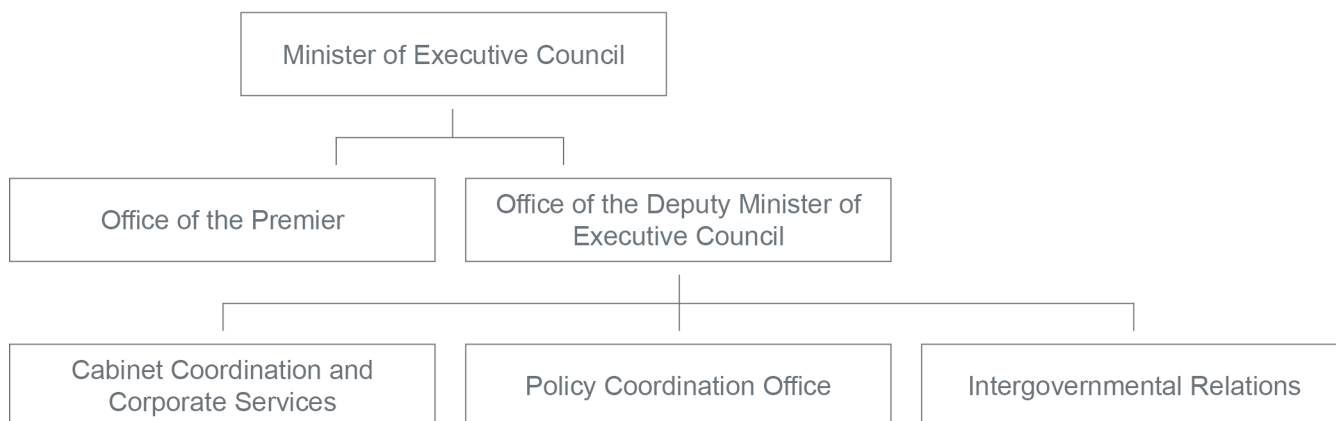
# Executive Council

## Business Plan 2019–23

### Ministry Mandate and Structure

The ministry consists of the Department of Executive Council. The department supports the Premier, cabinet and ministries as they deliver and implement government’s agenda. The department offers advice and guidance on legislative, regulatory and policy issues to cabinet and cabinet committees, and collaborates with ministries to ensure that cabinet decisions are implemented in a timely and efficient manner. The ministry also helps ensure Alberta’s priorities are advanced across Canada and internationally. This involves:

- providing leadership to the Alberta Public Service and government ministries;
- leading strategic planning, policy development and co-ordination for government;
- supporting the administration of government’s decision-making processes;
- leading interactions and partnerships with other governments within Canada; and
- planning and managing state, official and working visits involving Alberta government officials.



A more detailed description of Executive Council and its programs and initiatives can be found at: [www.alberta.ca/executive-council-and-intergovernmental-relations.aspx](http://www.alberta.ca/executive-council-and-intergovernmental-relations.aspx).

### Ministry Outcomes

- Government’s agenda is implemented effectively in coordination with ministries
- Alberta’s priorities are advanced across Canada

# Outcome 1

## What We Want To Achieve

### Government's agenda is implemented effectively in coordination with ministries

The Premier and cabinet require objective, comprehensive and coordinated information to make, communicate and implement decisions. Executive Council supports government decision-making by providing advice and guidance on operations, policy and legislative issues.

#### Key Objectives

- 1.1 Provide advice and support to ministries to align policy and legislative proposals. Assist government to implement public policies, programs and services.
- 1.2 Provide advice and information to the Premier and cabinet to support informed decision-making.

#### Initiatives Supporting Key Objectives

- Cabinet Coordination Office (CCO) is responsible for the organizational and administrative support to Cabinet. CCO provides strategic agenda-setting and development, facilitates information flow to decision makers, and communicates meeting outcomes. In 2019-20, the CCO budget is \$1 million.
- The Policy Coordination Office (PCO) works with the Premier's Office and CCO to support delivery of the government's policy and legislative agenda. PCO works in partnership with all ministries to develop policy options that align with the government's agenda and plays an essential quality assurance function to ensure that high-quality decision documents are provided to cabinet and its committees. PCO also coordinates the system to review and approve government regulation and provides secretariat support to cabinet committees. In 2019-20, \$3.1 million is allocated to PCO.
- Operations and Machinery of Government (OMG) works with all ministries to monitor and track the progress of programs, projects and issues across government. OMG also provides a corporate planning and support role for Executive Council and develops training, guides and orientation material for decision-making processes. The OMG budget is \$745,000 for 2019-20.

## Performance Metrics

### 1.a Performance Measure: Satisfaction of ministries with the services they receive from Executive Council

In 2018-19, the satisfaction rate was 77 per cent, based on survey results from December 2018.

#### TARGETS

2019-20:	85%
2020-21:	85%
2021-22:	85%
2022-23:	85%

**1.b Performance Measure: Average monthly unique visits by policy professionals to government's internal policy development and coordination resource website**

In 2018-19, there were an average of 658 monthly unique visits to the site.

**TARGETS**

2019-20:	1,000
2020-21:	1,000
2021-22:	1,000
2022-23:	1,000

**1.c Performance Measure: Satisfaction of ministries that the advice and support from Executive Council assists the ministries in advancing the policy and operational mandates of the government**

In 2018-19, the satisfaction rate was 76 per cent, based on survey results from December 2018.

**TARGETS**

2019-20:	85%
2020-21:	85%
2021-22:	85%
2022-23:	85%

## Outcome 2

### What We Want To Achieve

#### Alberta's priorities are advanced across Canada

Executive Council leads the coordination and advancement of Alberta's priorities as they relate to other governments across Canada. The ministry coordinates Alberta's leadership and participation within the Canadian federation and welcomes heads of state or representatives from other governments.

#### Key Objectives

- 2.1 Build and maintain strong relationships with federal, provincial and territorial governments, advocating for Alberta's interests on issues of importance to Albertans.
- 2.2 Collaborate with other ministries to define intergovernmental strategies that ensure a coordinated and consistent approach to policies as they relate to other jurisdictions within Canada.
- 2.3 Collaborate with other ministries on timely and consistent reviews and approvals of intergovernmental agreements.
- 2.4 Lead the planning of key visits by heads of state or government, ambassadors and high commissioners, and national ministers to Alberta, providing an opportunity to develop new markets while showcasing the province to those visitors.

#### Initiatives Supporting Key Objectives

- Intergovernmental Relations (IGR) works with other ministries across the Government of Alberta to develop collaborative approaches and expand multilateral and bilateral partnerships. IGR also supports the Premiers and ministers at intergovernmental forums and reviews all intergovernmental agreements. The IGR budget is \$4.8 million for 2019-20.

- The Internal Trade branch within IGR focuses on showing leadership and partnering with provinces to reduce internal trade barriers. In 2019-20, \$777,000 is allocated to the Internal Trade branch within the IGR budget.

## Performance Metrics

### 2.a Performance Measure: Satisfaction of ministries with the services they receive from Executive Council to advance Alberta's interests within Canada

In 2018-19, the satisfaction rate was 88 per cent, based on survey results from December 2018.

#### TARGETS

2019-20:	90%
2020-21:	90%
2021-22:	90%
2022-23:	90%

### 2.b Performance Measure: Percentage of intergovernmental agreements reviewed within the designated two-week timeframe

In 2018-19, which was the first year of data collection, 100 per cent of agreements were reviewed within two weeks.

#### TARGETS

2019-20:	100%
2020-21:	100%
2021-22:	100%
2022-23:	100%

### 2.c Performance Indicator: Number of intergovernmental meetings (multilateral and bilateral) supported

	2014-15	2015-16	2016-17	2017-18	2018-19
Number of intergovernmental meetings (multilateral and bilateral) supported.	163	176	187	183	110

# STATEMENT OF OPERATIONS

(thousands of dollars)

(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Other Revenue	8	7	8	8	8	8
Consolidated Total	8	7	8	8	8	8
EXPENSE						
Office of the Premier / Executive Council	13,390	13,510	14,778	12,471	12,449	12,421
Intergovernmental Relations	4,841	3,894	4,841	4,253	4,209	4,153
Ministry Total	18,231	17,404	19,619	16,724	16,658	16,574
Inter-Ministry Consolidations	-	(4)	-	-	-	-
Consolidated Total	18,231	17,400	19,619	16,724	16,658	16,574
Net Operating Result	(18,223)	(17,393)	(19,611)	(16,716)	(16,650)	(16,566)
CAPITAL INVESTMENT						
Office of the Premier / Executive Council	-	-	25	25	25	25
Consolidated Total	-	-	25	25	25	25





# Health

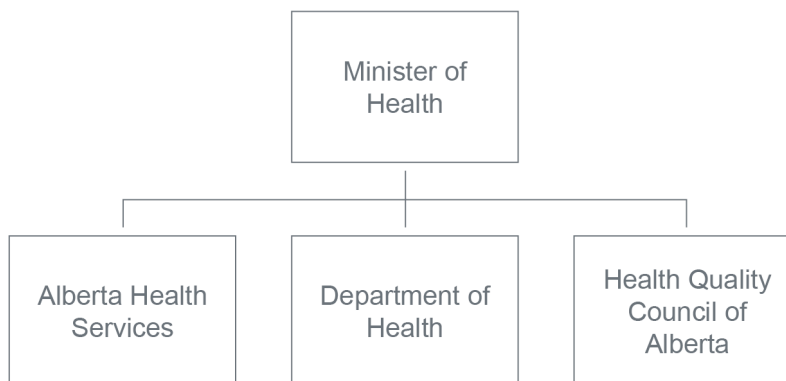
## Business Plan 2019–23

### Ministry Mandate and Structure

The ministry includes the Department of Health, Alberta Health Services (AHS) and the Health Quality Council of Alberta.

The Department of Health implements the Government of Alberta's strategic direction for health and is responsible for overall policy, legislation and monitoring of the health system's performance. Key functions include: advising government on health policy, legislation and standards; protecting public health and promoting wellness; assuring quality; planning capital infrastructure; overseeing the delivery of health care; supporting information management and technology, enabling health care professionals; funding the health system and general oversight.

Alberta Health Services is the health authority responsible for the delivery of a substantial portion of health care services across the province. The Health Quality Council of Alberta is a legislated council responsible for monitoring health service quality and patient safety.



A more detailed description of Health and its programs and initiatives, and other public agencies can be found at: <https://www.health.alberta.ca>

### Ministry Outcomes

- An integrated health care system that puts individuals at the centre and leads to improved health outcomes for Albertans
- A high-quality health system based on sound fiscal stewardship, clear accountabilities, efficient service delivery and value for investment
- Albertans have increased access to health care professionals and the mix of professionals that best meets their needs
- Albertans are supported by accessible and coordinated mental health and addiction services
- The well-being of Albertans is supported through population health initiatives

# Outcome 1

## What We Want To Achieve

### **An integrated health care system that puts individuals at the centre and leads to improved health outcomes for Albertans**

Albertans' health and well-being is improved through an integrated and aligned health care system that is person-centred and structured around individuals, families, caregivers and communities. Albertans have appropriate access to health services throughout their lives, and are active partners in managing their health. Services and transitions will be timely and coordinated across primary care, public health, continuing care and acute care – including timely surgical procedures.

## Key Objectives

- 1.1 Collaborate with health system stakeholders to improve timely access to surgical procedures and timely transition of all inpatients out of hospital to an appropriate community setting.
- 1.2 Support Albertans in accessing appropriate and timely palliative and end-of-life care by increasing awareness of how and when to access palliative care options, shift from hospital to community-based home and hospice care, and expand effective caregiver supports.
- 1.3 Enhance home care options and access to self-managed care to continue the shift towards home and community care in order to support Albertans with disabilities and chronic conditions (including people living with dementia) and their caregivers.
- 1.4 Evolve the use of information technology to improve person-centred care, including modernizing administration of the Alberta Health Care Insurance Plan and Alberta's personal health care cards.
- 1.5 Engage with Indigenous communities and the federal government to improve access for Indigenous People to high quality health services that support improved health outcomes.

## Initiatives Supporting Key Objectives

- In 2019-20, \$5 million is allocated for Palliative and End-of-Life Care to increase access and awareness to palliative and end-of-life care to better support Albertans and their caregivers and families in accessing appropriate and timely end-of-life care.
- In 2019-20, \$1.5 million is allocated to launch a Sexual Assault Crisis Phone Line to provide 24-hour support with a sexual assault nurse examiner.
- In 2019-20, \$4.6 million is allocated to the Community Information Integration/Central Patient Attachment Registry Project. This initiative brings patient health information from community clinics into Alberta Netcare for sharing amongst AHS and community health care providers, including information on patient-provider attachment relationships. This initiative allows health care providers in AHS and the community to share information, which enhances care continuity across care settings.

# Performance Metrics

## **1.a Performance Indicator: Unplanned medical readmissions to hospital within 30 days of discharge**

In 2018-19, 13.8 per cent of medical patients had unplanned readmission to hospital within 30 days of discharge.

The desired result is to decrease the percentage of unplanned readmission to hospital within 30 days of discharge.

**1.b Performance Indicator: Median number of days hospital stay extended until home care services or supports were ready\***

The median number of days a hospital stay was extended until home care services or supports were ready in 2018-19 was 12 days.

The desired result is to decrease the number of days a hospital stay is extended until home care is ready.

**1.c Performance Indicator: Ambulatory Care Sensitive Condition hospitalization rate\***

The Ambulatory Care Sensitive Condition (ACSC) hospitalization rate in 2018-19 was 340 per 100,000.

The desired result is to reduce the ACSC hospitalization rate.

**1.d Performance Indicator: Wait times for surgical procedures**

In the fourth quarter of 2018-19, the proportion of surgical procedures that met national benchmarks for wait times were:

- Hip replacement (benchmark of 182 days): 63.8%
- Knee replacement (benchmark of 182 days): 63.4%
- Cataract (benchmark of 112 days): 63.4%

The desired result is to increase the percentage of surgical procedures meeting national benchmarks for wait times.

**1.e Performance Measure: Percentage of scheduled surgeries performed in non-hospital surgical facilities**

In 2018-19, 15 per cent of scheduled surgeries were performed in non-hospital surgical facilities.

**TARGETS**

2019-20:	17%
2020-21:	22%
2021-22:	27%
2022-23:	30%

*\*denotes metrics recommended by the MacKinnon Panel on Alberta's Finances (August 2019)*

## Outcome 2

### What We Want To Achieve

**A high-quality health system based on sound fiscal stewardship, clear accountabilities, efficient service delivery, and value for investment**

Alberta's health system is based on high quality, reliable and cost effective services where all stakeholders are accountable and contribute to positive health outcomes. Responsible fiscal management, supported by evidence and innovation, will ensure the long-term sustainability of Alberta's health system.

### Key Objectives

- 2.1 Develop and implement strategies that support the fiscal sustainability of the health system, bringing Alberta's health spending down to national norms by 2022-23. This includes a performance review of Alberta Health

Services, to identify efficiencies and savings in administration and other areas that could be directed towards front line services.

- 2.2 Ensure investments in information technology are effective, efficient, and improve the secure exchange of information among health professionals and with patients, while reducing potential duplication and overlap.
- 2.3 Improve the measuring, monitoring and reporting of health system performance to drive health care improvements.
- 2.4 Create new continuing care spaces where they are most needed, in an efficient and cost-effective manner.
- 2.5 As a member of the pan-Canadian Pharmaceutical Alliance, collaborate with other provinces to achieve cost-effective and affordable coverage of prescription drugs.

### **Initiatives Supporting Key Objectives**

- With \$20.6 billion in 2019-20, the Ministry of Health's operational budget has been increased by 1 per cent from 2018-19 and this budget will be maintained at that level over the following three years in order to bring Alberta's health spending down to national norms.
- In 2019-20, \$137 million is budgeted for the department's capital contribution to Connect Care, a clinical information system that significantly reduces the number of systems in use in AHS, stabilizes failing information technology infrastructure within the organization and provides provincial laboratory information services. This is year three of a five-year grant totaling \$400 million.
- Affordable Supportive Living Initiative (ASLI): With \$28 million in 2019-20 and \$184 million over four years, government will create new and upgrade existing continuing care infrastructure (including both long-term care and designated supportive living spaces).

## **Performance Metrics**

### **2.a Performance Indicator: Provincial per capita spending on health care\***

The 2018-19 forecast for provincial per capita spending on health care is:

- Total – Nominal: \$5,077
- Hospital: \$1,964
- Physicians: \$1,178
- Drugs: \$382

The desired result is the provincial per capita spending figure decreasing over time.

### **2.b Performance Indicator: Cost of standard hospital stay\***

In 2017-18, the cost of a standard hospital stay was \$7,983.

The desired result is the cost of a standard hospital stay decreasing over time.

### **2.c Performance Indicator: Alternate level of care days\***

16.3 per cent of all hospital inpatient days when a patient no longer requires the intensity of care in the hospital setting and care could be provided in an alternate setting in 2018-19.

The desired result is to decrease the percentage of hospital inpatient days where care could be provided in an alternate setting.

### **2.d Performance Indicator: Facility-based beds in community settings\***

According to AHS's 2018-19 annual report, 78 per cent of facility-based beds were in a community setting.

The desired result is to increase the percentage of facility-based beds in a community setting.

## 2.e Performance Measure: Annual rate of operational expenditures

The Ministry of Health's annual rate of operational expenditures increased by 3.3 per cent from 2017-18 to 2018-19.

### TARGETS

2019-20:	1.0%
2020-21:	0.0%
2021-22:	0.1%
2022-23:	0.2%

*\*denotes metrics recommended by the MacKinnon Panel on Alberta's Finances (August 2019)*

## Outcome 3

### What We Want To Achieve

**Albertans have increased access to health care professionals and the mix of professionals that best meets their needs**

Albertans can choose their care from competent and accountable health care professionals who are delivering high quality and safe care. This may include physicians, nurses, pharmacists, paramedics, psychologists, dietitians, dentists, mental health counsellors, rehabilitation therapists, social workers and others. The right number, mix and distribution of professionals, working to their full scope of practice, align with health needs across the province and are supported by fiscally sustainable compensation models.

### Key Objectives

- 3.1 Improve Albertans' choice of health professionals by increasing access to nurse practitioners and midwives, while also expanding scopes of practice of other professionals, and removing barriers that limit health care providers from working to their full scope of practice.
- 3.2 Develop and implement innovative and fiscally-sustainable approaches to provider compensation and resourcing that supports high quality care and collaborative practice within interdisciplinary team-based environments.

### Initiatives Supporting Key Objectives

- Primary Care Networks (PCNs): Health is investing \$238 million in 2019-20 in PCNs to support delivery of team-based primary care.
- Nurse Practitioners: Health is investing \$3 million in 2019-20 to increase the number of Nurse Practitioners working in PCNs and expand care options for Albertans.

## Performance Metrics

### 3.a Performance Indicator: Percentage of Alternative Relationship Plan payments of total physician payments\*

In 2017-18, Alternative Relationship Plan payments were 13 per cent of total physician payments.

The desired result is to increase the percentage of Alternative Relationship Plan payments.

**3.b Performance Indicator: Percentage of Albertans who had access to a regular health care provider\***

In 2018, 83.7 per cent of Albertans had access to a regular health care provider.

The desired result is to increase the percentage of Albertans that have access to a regular health care provider.

**3.c Performance Indicator: Percentage of Licensed Practical Nurses relative to Registered Nurses\***

In 2018, the percentage of Licensed Practical Nurses relative to Registered Nurses was 40 per cent.

The desired result is to increase the percentage of Licensed Practical Nurses relative to Registered Nurses.

**3.d Performance Indicator: Percentage of Nurse Practitioners relative to Family Medicine Physicians\***

In 2018, the percentage of Nurse Practitioners relative to Family Medicine Physicians was 9.6 per cent.

The desired result is to increase the percentage of Nurse Practitioners relative to Family Medicine Physicians.

**3.e Performance Indicator: Average wait time from general practitioner to orthopedic surgeon consult**

During the first quarter of 2019-20, the average wait time from general practitioner to orthopedic surgeon consult was 30.9 weeks.

The desired result is to decrease the average wait time between general practitioner to orthopedic surgeon consult.

*\*denotes metrics recommended by the MacKinnon Panel (August 2019)*

## Outcome 4

### What We Want To Achieve

#### **Albertans are supported by accessible and coordinated mental health and addiction services**

Preventing, stabilizing and supporting recovery from mental health issues or addiction will reduce the significant negative impact of these challenges on individuals, families, caregivers and communities. The ministry will continue to work with its partners to address mental health and addiction challenges.

#### **Key Objectives**

- 4.1 Implement a mental health and addiction strategy to move toward a quality, coordinated, connected and easily accessible mental health and addiction system.
- 4.2 Expand access to a continuum of mental health and addiction services to provide a range of appropriate supports for individuals, families and communities.
- 4.3 Develop and implement opioid response strategies that support increased access to opioid treatment and recovery services for individuals and their families.

#### **Initiatives Supporting Key Objectives**

- Increased access to opioid treatment and recovery services is one of government's opioid response strategies to reduce and address the specific challenges caused by opioids. A total of \$40 million in extra funding will be invested over the next four years. This includes \$10 million in 2019-20 to expand support for treatment and recovery.

- The Supervised Consumption Services Review, costing \$377,000 in 2019-20, is a review of supervised consumption services sites to gather feedback and evaluate the social and economic impact of current and proposed sites.
- In 2019-20, \$1 million is budgeted to expand home care to support those who identify addiction and mental health as a primary concern.
- In 2019-20, \$2.5 million is budgeted to expand programs to support Albertans in crisis, including police and crisis teams, provincial family violence treatment programs, diversion programs and drug treatment courts, and by developing mental health court models.
- In 2019-20, \$1.7 million is budgeted to support Indigenous Albertans and communities in establishing a continuum of addiction and mental health services.

## Performance Metrics

### 4.a Performance Measure: Unplanned mental health readmissions to hospital

In 2018-19, 9.8 per cent of mental health patients had unplanned readmissions with 30 days of leaving hospital.

#### TARGETS

2019-20:	8.6%
2020-21:	8.5%
2021-22:	8.4%
2022-23:	8.3%

### 4.b Performance Indicator: Emergency department visits where a mental health issue was identified for the first time in the past two years

In 2016-17, 26.5 emergency department visits occurred where a mental health issue was identified for the first time in the past two years (per 100 mental health emergency department visits).

The desired result is to decrease the number of emergency department visits where a mental health issue was identified for the first time in the past two years.

### 4.c Performance Indicator: Emergency department visits due to alcohol use

In 2018-19, 935 emergency department visits due to alcohol use occurred for every 100,000 population.

The desired result is to decrease the number of emergency department visits due to alcohol use.



## Outcome 5

### What We Want To Achieve

#### The well-being of Albertans is supported through population health initiatives

Healthy populations and communities are shaped through a range of social, economic and physical environmental factors, also known as the social determinants of health. The ministry will continue to work with its partners on the promotion of health and wellness to encourage Albertans to stay healthy through policies, programs and initiatives focused on reducing risks to prevent injury and disease.

#### Key Objectives

- 5.1 Prevent chronic conditions, injuries and infections by developing policies that reduce risk from environmental and individual risk factors.
- 5.2 Safeguard Albertans from communicable diseases through initiatives aimed at decreasing sexually transmitted and blood-borne infections, and through immunization for vaccine-preventable diseases, such as influenza and measles.
- 5.3 Improve maternal, infant and child health by supporting initiatives that foster maternal-infant health and early childhood development.

#### Initiatives Supporting Key Objectives

- In 2019-20, \$58.8 million is budgeted to purchase provincial vaccines. Health provides vaccines against 16 communicable diseases such as measles, polio and tetanus.
- Maternal, infant, and child health; cancer research and prevention; and chronic disease prevention are supported through various programs that aim to improve overall population health. In 2019-20, \$25 million is budgeted to support these initiatives.

## Performance Metrics

#### 5.a Performance Measure: Percentage seniors aged 65 or older and long-term care facility residents immunized for influenza.

In 2018-19, 61 per cent of seniors aged 65 or older, and 87 per cent of long-term care facility residents were immunized for influenza.

#### TARGETS

	Seniors	Long-term Care Residents
2019-20:	66%	93%
2020-21:	68%	95%
2021-22:	69%	95%
2022-23:	69%	95%

**5.b Performance Measure: Children by age two immunized for dTaP-IPV-Hib (diphtheria, tetanus, pertussis (whooping cough), polio, Haemophilus influenzae type b), and for MMRV (measles, mumps, rubella, varicella).**

In 2018, 78 per cent of children by age two were immunized for dTaP-IPV-Hib (diphtheria, tetanus, pertussis (whooping cough), polio, Haemophilus influenzae type b), and 87 per cent were immunized for MMRV (measles, mumps, rubella, varicella).

**TARGETS**

	dTaP-IPV-Hib	MMRV
2019-20:	95%	95%
2020-21:	95%	95%
2021-22:	95%	95%
2022-23:	95%	95%

**5.c Performance Indicator: Infant mortality rate per 1000 live births for First Nations people, compared to non-First Nations**

In 2018, the infant mortality rate was 13.8 per 1000 live births for First Nations people, compared to 4.4 for non-First Nations.

The desired result is to reduce the gap between infant mortality rates for First Nations people compared to non-First Nations people.

**5.d Performance Indicator: Percentage of Albertans who smoke cigarettes**

In 2018-19, 15.6 per cent of Albertans aged 18 or older indicated they smoked cigarettes daily or occasionally.

The desired result is to decrease the percentage of Albertans who smoke cigarettes daily or occasionally.

## STATEMENT OF OPERATIONS

(thousands of dollars)

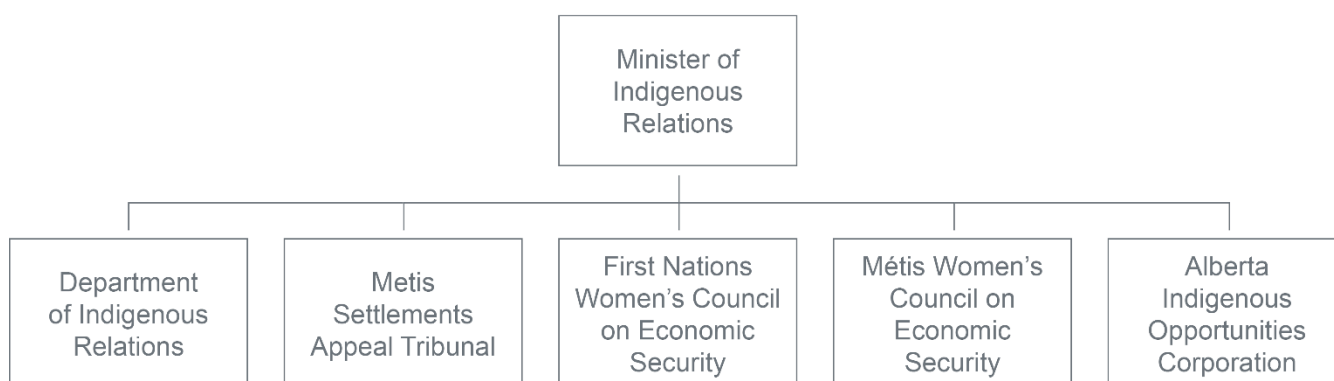
(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Internal Government Transfers	417,000	420,621	417,000	417,000	417,000	417,000
Canada Health Transfer	4,520,887	4,460,843	4,697,000	4,891,000	5,090,000	5,320,000
Transfers from Government of Canada	112,400	109,005	143,370	167,060	196,130	161,490
Investment Income	68,006	68,543	65,020	65,020	65,020	65,020
Supplementary Health Benefit Premiums	46,000	41,820	46,000	46,000	46,000	46,000
Other Premiums, Fees and Licences	488,001	538,724	508,001	508,001	508,001	508,001
Refunds of Expense	169,105	201,825	169,105	170,105	171,105	172,105
Other Revenue	407,278	457,034	410,922	411,121	411,131	411,131
Ministry Total	6,228,677	6,298,415	6,456,418	6,675,307	6,904,387	7,100,747
Inter-Ministry Consolidations	(447,800)	(453,826)	(447,800)	(447,800)	(447,800)	(447,800)
Consolidated Total	5,780,877	5,844,589	6,008,618	6,227,507	6,456,587	6,652,947
EXPENSE						
Ministry Support Services	74,607	60,467	61,803	61,462	61,462	61,462
Physician Compensation and Development	5,352,164	5,406,135	5,431,717	5,417,275	5,419,929	5,447,718
Drugs and Supplemental Health Benefits	2,273,974	2,202,676	2,250,009	2,244,773	2,242,247	2,243,734
Population and Public Health	693,137	622,830	690,514	686,833	694,229	694,524
Acute Care	4,051,877	4,124,190	4,051,171	4,013,219	4,015,881	4,038,188
Continuing Care	1,103,000	1,125,903	1,145,000	1,145,000	1,161,000	1,180,000
Ambulance Services	518,000	525,531	514,000	515,000	516,000	517,000
Community Care	1,492,000	1,411,258	1,475,000	1,503,000	1,535,000	1,558,000
Home Care	691,000	688,040	688,000	688,000	688,000	688,000
Diagnostic, Therapeutic and Other Patient Services	2,480,648	2,475,531	2,451,569	2,439,409	2,432,409	2,437,409
Administration	533,676	556,413	537,533	537,533	537,533	537,533
Support Services	2,228,000	2,241,340	2,245,000	2,237,000	2,240,000	2,250,000
Information Technology	580,345	584,459	664,473	747,573	708,573	642,573
Research and Education	103,171	106,926	97,579	100,579	104,579	100,579
Debt Servicing	16,000	15,353	16,000	16,000	16,000	16,000
Infrastructure Support	48,990	44,360	33,026	88,031	41,643	31,649
Cancer Research and Prevention Investment	12,800	6,568	12,390	15,120	15,120	15,120
Ministry Total	22,253,389	22,197,980	22,364,784	22,455,807	22,429,605	22,459,489
Inter-Ministry Consolidations	(199,360)	(278,479)	(260,108)	(258,529)	(252,345)	(251,037)
Consolidated Total	22,054,029	21,919,501	22,104,676	22,197,278	22,177,260	22,208,452
Net Operating Result	(16,273,152)	(16,074,912)	(16,096,058)	(15,969,771)	(15,720,673)	(15,555,505)
CAPITAL INVESTMENT						
Population and Public Health	-	94	-	-	-	-
Information Technology	22,230	7,344	22,230	22,230	33,230	28,230
Health Facilities and Equipment	1,277,659	879,700	1,016,631	1,161,903	1,087,941	1,016,672
2013 Alberta Flooding	876	-	-	-	-	-
Consolidated Total	1,300,765	887,138	1,038,861	1,184,133	1,121,171	1,044,902

# Indigenous Relations

## Business Plan 2019–23

### Ministry Mandate and Structure

The ministry consists of the Department of Indigenous Relations. The ministry is responsible for the Metis Settlements Appeal Tribunal, a quasi-judicial body that promotes self-governance, certainty and respect within the Metis Settlements through adjudication, mediation and education. The ministry also supports the First Nations and Métis Women’s Councils on Economic Security, which work to improve socio-economic outcomes for Indigenous women and their families. The councils report directly to the Minister. The Alberta Indigenous Opportunities Corporation is a Crown Corporation that works towards Indigenous Peoples’ ownership in major resource projects.



A more detailed description of Indigenous Relations and its programs and initiatives can be found at: [alberta.ca/ministry-indigenous-relations.aspx](http://alberta.ca/ministry-indigenous-relations.aspx)

### Ministry Outcomes

- Improved economic security and prosperity of Indigenous Peoples in Alberta
- Improved Government of Alberta policies and direction that strengthen Indigenous communities and promote Alberta’s interests
- Increased opportunities for reconciliation with Indigenous leadership and organizations

# Outcome 1

## What We Want To Achieve

### Improved economic security and prosperity of Indigenous Peoples in Alberta

Indigenous Relations is responsible for leading initiatives to increase economic security and prosperity for Indigenous Peoples in Alberta. The ministry provides certainty to regulators, industry and Indigenous communities through management of Alberta's consultation processes, and upholds the honour of the Crown by developing policies and initiatives to ensure the province fulfils its duty to consult on land and natural resource management decisions. Indigenous Relations provides opportunities for Indigenous ownership of major resource projects, advocates for responsible resource development; and provides capacity support for Indigenous communities to participate in Alberta's consultation processes.

### Key Objectives

- 1.1 Establish and provide oversight for the Alberta Indigenous Opportunities Corporation to work towards Indigenous Peoples' ownership in major resource projects.
- 1.2 Establish and administer the \$10 million Litigation Fund to support Indigenous Peoples' advocacy for responsible resource development that advances Alberta's interests.
- 1.3 Lead Alberta's legal duty to consult, including advocating for a streamlined federal Aboriginal consultation process to provide clear timelines and legal certainty for project proponents and Indigenous communities, and adding promotion of economic development to the preamble of Alberta's Indigenous consultation policies.
- 1.4 Work with other ministries, the federal government and First Nations to resolve land-related negotiations.
- 1.5 Lead Alberta's response to the Final Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls.
- 1.6 Support the economic, social and community self-reliance of Indigenous communities by funding projects through the First Nations Development Fund and the Employment Partnerships Program.

### Initiatives Supporting Key Objectives

- The establishment of the Alberta Indigenous Opportunities Corporation, a Crown Corporation, is to address the gap of Indigenous access to capital markets by offering a range of financial instruments to support medium to large-scale Indigenous investments in natural resource projects, including pipelines. This will cost \$6 million in 2019-20.
- The Litigation Fund will support Indigenous voices in legal actions that affect responsible resource development in Alberta and increase market access. The Litigation Fund will provide financial support to groups, coalitions, privately funded societies, or alliances that include Indigenous Peoples' businesses, communities or groups. This will cost \$10 million during 2019-21.
- The First Nations Development Fund was developed by First Nations and the Government of Alberta as part of the First Nations Gaming Policy. It is supported by a percentage of revenues from government-owned slot machines operating in First Nations casinos in Alberta. The Fund supports First Nations to improve socio-economic outcomes in their communities. In 2019-20, \$123 million in government-owned slot machine revenues will support this fund.
- The Employment Partnerships Program provides skills training and employment supports for Indigenous Peoples in Alberta. This will cost \$3.1 million in 2019-20.

## Performance Metrics

### 1.a Performance Measure: Number of Indigenous employment initiatives

In 2018-19, 30 Indigenous employment initiatives were funded.

#### TARGETS

2019-20:	25
2020-21:	25
2021-22:	25
2022-23:	25

### 1.b Performance Indicator: Percentage of off-reserve Aboriginal population (aged 15 years and over) unemployed compared to that of the non-Aboriginal population

	2015	2016	2017	2018
Percentage Points Higher (Actual)	5.9	5.9	4.3	4.1

### 1.c Performance Indicator: Average employment income of Alberta's population aged 15 years and over who worked full-year, full time

	2006	2011	2016
First Nations (Actual)	\$38,238	\$50,033	\$61,721
Métis (Actual)	\$46,293	\$60,296	\$69,889
Aboriginal Albertans (Actual)	\$43,003	\$55,668	\$66,254
Non-Aboriginal (Actual)	\$58,538	\$70,042	\$82,329

### 1.d Performance Indicator: Percentage of Alberta's employed off-reserve Aboriginal population that has a university degree compared to that of the non-Aboriginal population

	2015	2016	2017	2018
Percentage Points Higher (Actual)	15.7	19.1	17.6	19.4

## Outcome 2

### What We Want To Achieve

#### Improved Government of Alberta policies and direction that strengthen Indigenous communities and promote Alberta's interests

Indigenous Relations provides expert advice, guidance and specialized knowledge to other Government of Alberta ministries to enhance the inclusion of Indigenous perspectives in the development, implementation and monitoring of policies, programs and initiatives. The ministry is central to facilitating cross-government collaboration, responding to and reporting on major

Indigenous policies and drivers. Indigenous Relations supports government engagements with Indigenous communities across a range of priorities.

### Key Objectives

- 2.1 Support the Red Tape Reduction Task Force in reducing administrative burden, increasing regulatory efficiencies and streamlining land and natural resource management.
- 2.2 Collaborate with other government ministries to develop a unified response to federal Indigenous initiatives.
- 2.3 Work with other government ministries to engage the federal government to provide equitable funding for key services such as health care and education, and advocate for on-reserve services for persons with disabilities, addiction and/or mental health issues.
- 2.4 Work with other ministries, the federal government and industry to provide advice, support and investment pathfinding for Indigenous communities and organizations.
- 2.5 Advise other government ministries on Indigenous perspectives on policies, programs and initiatives.
- 2.6 Work with First Nations, the federal government, municipalities or water commissions and other government ministries to improve access to safe and clean drinking water.
- 2.7 Collaborate with the Alberta Emergency Management Agency by leading the disaster response and recovery in Indigenous communities.

### Initiatives Supporting Key Objectives

- Funding is provided to support recovery efforts from the June 2013 Alberta floods on Siksika Nation. This will complete recovery efforts on all First Nations impacted by the 2013 floods. This will cost \$14.2 million in 2019-20.

## Performance Metrics

### 2.a Performance Measure: Percentage of Indigenous communities participating in an enhanced engagement process contributing to land-use planning

In 2018, 69 per cent of Indigenous communities participated in an enhanced engagement process contributing to land-use planning.

#### TARGETS

2019-20:	69%
2020-21:	69%
2021-22:	69%
2022-23:	69%

## Outcome 3

### What We Want To Achieve

#### Increased opportunities for reconciliation with Indigenous leadership and organizations

Indigenous Relations provide forums for the government to build and maintain relationships with Indigenous governments, communities, groups, industry and organizations. The ministry leads and coordinates with other ministries to implement or renew existing Protocol Agreements, discuss the development of new Protocol Agreements, and maintain and strengthen relationships with the

Metis Settlements General Council and the Métis Nation of Alberta through separate agreements. Indigenous Relations also supports the First Nation and Métis Women's Councils on Economic Security, which provide recommendations to government on how to improve the economic security of Indigenous women, their families and communities in Alberta.

### Key Objectives

- 3.1 Lead government in supporting the First Nations through Protocol Agreements to improve economic, social and environmental outcomes.
- 3.2 Lead the coordination of the Annual Joint Meeting of the Premier, provincial cabinet and the First Nation Chiefs of Alberta.
- 3.3 Work with the Métis Nation of Alberta and other government ministries to ensure a government-wide approach to the Alberta-Métis Nation of Alberta Framework Agreement.
- 3.4 Support the First Nations and Métis Women's Councils on Economic Security to provide advice to government on ways to improve the economic security of Indigenous women and families.
- 3.5 Work with the Metis Settlements General Council and the federal government on the long-term economic sustainability of Metis Settlements.
- 3.6 Work with the Metis Settlements General Council to modernize the *Metis Settlements Act*.

### Initiatives Supporting Key Objectives

- Protocol Agreements commit the Government of Alberta and First Nations to meet regularly to address matters of mutual concern. Protocol Agreements provide a framework for continued collaboration between the provincial government and First Nations of Alberta. This will cost \$1 million in 2019-20.
- Funding is provided to the Metis Settlements General Council through the Long-Term Governance and Funding Arrangements Agreements, to support the governance, accountability and long-term sustainability of Metis Settlements, and establish a fiscal relationship with the province comparable to that of other local governments. This will cost \$10 million in 2019-20.

## Performance Metrics

### 3.a Performance Measure: Number of Protocol Agreements renewed or developed

In 2018-19, no Protocol Agreements were renewed or developed.

#### TARGETS

2019-20:	2
2020-21:	3
2021-22:	4
2022-23:	4

### 3.b Performance Indicator: Average employment income of Alberta's population aged 15 years and over who worked full-year, full time

	2006	2011	2016
Male (Actual)	\$50,131	\$63,933	\$78,079
Female (Actual)	\$34,438	\$45,236	\$53,136



## STATEMENT OF OPERATIONS

(thousands of dollars)

(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Transfers from Government of Canada	3,500	3,323	100	100	100	100
Labour Market Development	2,170	1,920	3,100	3,664	4,547	4,547
Other Revenue	-	144	-	-	-	-
Ministry Total	5,670	5,387	3,200	3,764	4,647	4,647
Consolidated Total	5,670	5,387	3,200	3,764	4,647	4,647
EXPENSE						
Ministry Support Services	4,918	4,723	4,311	4,614	4,573	4,526
First Nations and Métis Relations	31,558	36,099	27,146	22,130	22,321	22,200
Indigenous Women's Initiatives	1,167	1,134	1,411	1,355	1,231	1,220
First Nations Development Fund	123,000	117,147	123,000	130,000	130,000	131,000
Metis Settlements Appeal Tribunal	1,196	1,140	1,177	1,171	1,171	1,158
Consultation and Land Claims	17,674	25,649	28,105	18,831	16,717	16,499
Investing in Canada Infrastructure - Green Infrastructure	-	-	100	100	100	100
Land and Legal Settlement	8,400	18,076	2,170	5,500	1,154	-
Indigenous Litigation Fund	-	-	5,000	5,000	-	-
Climate Change Initiatives	53,869	57,120	-	-	-	-
Alberta Indigenous Opportunities Corporation	-	-	6,000	6,000	6,000	6,000
Ministry Total	241,782	261,088	198,420	194,701	183,267	182,703
Inter-Ministry Consolidations	-	(77)	-	-	-	-
Consolidated Total	241,782	261,011	198,420	194,701	183,267	182,703
Net Operating Result	(236,112)	(255,624)	(195,220)	(190,937)	(178,620)	(178,056)
CAPITAL INVESTMENT						
Ministry Support Services	25	-	25	25	25	25
Ministry Total	25	-	25	25	25	25
Consolidated Total	25	-	25	25	25	25

# Infrastructure

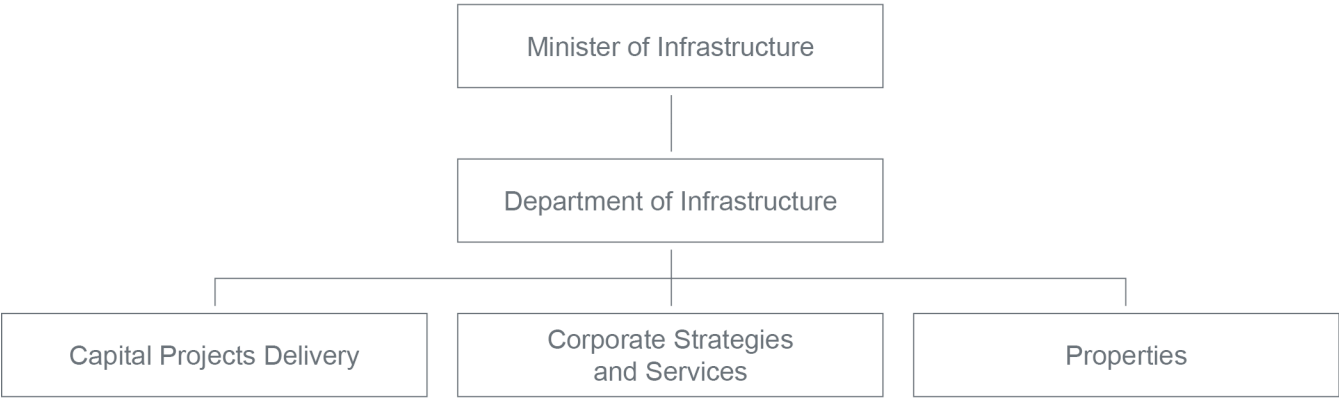
## Business Plan 2019–23

### Ministry Mandate and Structure

The ministry consists of the Department of Infrastructure.

Infrastructure provides innovative, high quality and well-designed public infrastructure for Albertans. Through leadership, expertise and collaboration with partners including industry, the ministry provides public infrastructure that contributes to the province’s economy and Albertans’ quality of life.

The ministry is accountable for the long-term planning of provincial public infrastructure to support key social programs and services, and economic development. Infrastructure designs, builds, manages and maintains government-owned and operated facilities and collaborates with other ministries to ensure that school and health infrastructure meets the needs of all Albertans. In addition, Infrastructure provides accommodation services and manages a large portfolio of owned and leased facilities while maintaining fiscal accountability and optimizing value for Alberta taxpayers.



A more detailed description of Infrastructure and its programs and initiatives can be found at:

[www.infrastructure.alberta.ca](http://www.infrastructure.alberta.ca)

### Ministry Outcomes

- Innovative, adaptive and responsible infrastructure solutions that meet current and future provincial needs
- Alberta’s public infrastructure is effectively managed and sustainable

# Outcome 1

## What We Want To Achieve

### **Innovative, adaptive and responsible infrastructure solutions that meet current and future provincial needs**

Infrastructure ensures Alberta's long-term planning of public infrastructure supports key public services and contributes to the provincial economy. The ministry also manages the delivery of new construction and major modernization projects for health, school and government-owned facilities, and supports the maintenance of existing infrastructure.

### **Key Objectives**

- 1.1 Introduce the Alberta Infrastructure Act to provide transparency on capital project prioritization criteria, establish predictable funding levels and ensure adequate maintenance of existing assets.
- 1.2 Publicly release an annual Government of Alberta Infrastructure Report to provide detailed information on progress made in meeting the various commitments in the annual Capital Plan.
- 1.3 Publicly release a 20-year Strategic Capital Plan to ensure Alberta has a long-term view to meeting the province's infrastructure needs.
- 1.4 Lead the process to evaluate and use other procurement methods, such as public-private partnerships, and for procurement of capital projects where value for money for taxpayers can be demonstrated.
- 1.5 Limit the use of 'cost plus contracts' (a contract that covers project costs with additional profit being made) for procurement of capital projects.
- 1.6 Continuously improve planning, project management and procurement to deliver capital projects on time, on budget and to specification.
- 1.7 Account for the evolving needs of Albertans by designing future Infrastructure-delivered projects that are inclusive and adaptable.

### **Initiatives Supporting Key Objectives**

- The construction of health facilities, including \$232.3 million towards construction of the Calgary Cancer Centre, will cost \$499.7 million in 2019-20.
- The construction of school facilities, including \$44.9 million for the Modular Classroom Program, will cost \$519.9 million in 2019-20.
- The construction of government facilities, including \$13.7 million for the Courthouse Renewal Program, will cost \$46.2 million in 2019-20.
- The planning, design and implementation of capital infrastructure projects, including funding for procurement, cost modelling and facility evaluations, will cost \$25.3 million in 2019-20.

## Performance Metrics

### **1.a Performance Measure: Government-owned and operated facilities – physical condition**

In 2018-19, 73 per cent of government-owned and operated facilities are rated as category 1, with 26 per cent under category 2 and one per cent under category 3. (*Category 1: Adequate for intended use and expected to provide continued service life with average maintenance. Category 2: Aging components are nearing the end of their life-cycle and require additional expenditures for renewal or refurbishing. Category 3: Many major components have exceeded their useful life and significant repairs or replacement are necessary.*)

## TARGETS

	Category 1	Category 2	Category 3
2019-20	75%	24%	1%
2020-21	75%	24%	1%
2021-22	77%	23%	0%
2022-23	77%	23%	0%

**1.b Performance Indicator: Health facilities – physical condition** *(In previous ministry business plans, the physical condition of health, school and post-secondary facilities were reported as performance measures. The physical condition of these facilities is now reported as performance indicators as there are many factors beyond the control of Infrastructure that influence the results achieved.)*

## HISTORICAL RESULTS

	Category 1	Category 2	Category 3
2014-15	86%	13%	1%
2015-16	84%	15%	1%
2016-17	83%	16%	1%
2017-18	86%	13%	1%
2018-19	88%	11%	1%

**1.c Performance Indicator: School facilities – physical condition** *(In previous ministry business plans, the physical condition of health, school and post-secondary facilities were reported as performance measures. The physical condition of these facilities is now reported as performance indicators as there are many factors beyond the control of Infrastructure that influence the results achieved.)*

## HISTORICAL RESULTS

	Category 1	Category 2	Category 3
2014-15	56%	43%	1%
2015-16	57%	42%	1%
2016-17	57%	42%	1%
2017-18	58%	41%	1%
2018-19	64%	35%	1%

**1.d Performance Indicator: Post-secondary facilities – physical condition** *(In previous ministry business plans, the physical condition of health, school and post-secondary facilities were reported as performance measures. The physical condition of these facilities is now reported as performance indicators as there are many factors beyond the control of Infrastructure that influence the results achieved.)*

## HISTORICAL RESULTS

	Category 1	Category 2	Category 3
2014-15	73%	25%	2%
2015-16	72%	27%	1%
2016-17	72%	27%	1%
2017-18	72%	26%	2%
2018-19	72%	27%	1%

## Outcome 2

### What We Want To Achieve

#### Alberta's public infrastructure is effectively managed and sustainable

By optimizing the value of government-owned and operated facilities, Infrastructure ensures sound financial stewardship, quality and efficient use of government assets.

#### Key Objectives

- 2.1 Incorporate asset management principles to infrastructure projects throughout the design, construction, operation, maintenance and divestment phases to support effective decision-making related to facilities, land, leasing and accommodation services to deliver public services at lower costs.
- 2.2 Maximize the value of government-owned and operated infrastructure while minimizing overall costs by supporting effective long-term investments in core assets and the disposition of inefficient or obsolete assets.
- 2.3 Continue to implement environmental efficiencies and green technologies to help reduce the environmental footprint of provincial infrastructure.

#### Initiatives Supporting Key Objectives

- The management of owned and leased space, including property operations, utilities, leases, and accommodation projects that contribute to the efficient use of government space, will cost \$502.0 million in 2019-20.
- The maintenance of government-owned facilities, including the preservation work on government-owned facilities and the capital maintenance and renewal of health and school facilities, will cost \$178.8 million in 2019-20.

## Performance Metrics

#### 2.a Performance Measure: Energy consumption intensity in megajoules per gross square metre in government-owned and operated facilities

In 2018-19, the energy consumption intensity in government-owned and operated facilities is 1,608 megajoules per gross square metre.

#### TARGETS

2019-20	1,634
2020-21	1,626
2021-22	1,618
2022-23	1,618

## STATEMENT OF OPERATIONS

(thousands of dollars)

(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Transfers from Government of Canada	19,196	17,222	8,598	6,196	6,966	3,966
Premiums, Fees and Licences	1,954	2,190	1,870	1,870	1,870	1,870
Other Revenue	43,696	53,051	23,896	23,896	23,348	13,453
Ministry Total	64,846	72,463	34,364	31,962	32,184	19,289
Inter-Ministry Consolidations	(22,811)	(2,959)	(3,866)	(3,871)	(3,876)	(3,401)
Consolidated Total	42,035	69,504	30,498	28,091	28,308	15,888
EXPENSE						
Ministry Support Services	11,758	11,111	11,634	10,970	10,970	10,876
Capital Construction	1,340,621	1,005,893	1,162,929	1,435,081	1,188,472	1,029,494
Property Management	388,953	398,411	389,887	382,411	389,098	380,388
Asset Management	7,754	5,262	6,331	6,297	6,297	6,265
Realty Services	205,558	206,577	181,685	194,451	195,668	191,539
2013 Alberta Flooding	5,966	1,523	1,651	-	-	-
Ministry Total	1,960,610	1,628,777	1,754,117	2,029,210	1,790,505	1,618,562
Inter-Ministry Consolidations	(1,300,877)	(990,083)	(1,140,707)	(1,408,595)	(1,176,885)	(1,017,998)
Consolidated Total	659,733	638,694	613,410	620,615	613,620	600,564
Net Operating Result	(617,698)	(569,190)	(582,912)	(592,524)	(585,312)	(584,676)
CAPITAL INVESTMENT						
Ministry Support Services	-	358	-	-	-	-
Capital Construction	1,388,757	988,698	1,169,021	1,505,704	1,280,931	1,042,782
Property Management	110,932	165,049	135,865	142,267	124,400	124,435
Realty Services	8,300	7,321	20,713	8,300	8,300	8,300
2013 Alberta Flooding	1,808	581	1,669	-	-	-
Ministry Total	1,509,797	1,162,007	1,327,268	1,656,271	1,413,631	1,175,517
Inter-Ministry Consolidations	(1,303,708)	(921,069)	(1,120,769)	(1,401,794)	(1,170,066)	(984,620)
Consolidated Total	206,089	240,938	206,499	254,477	243,565	190,897

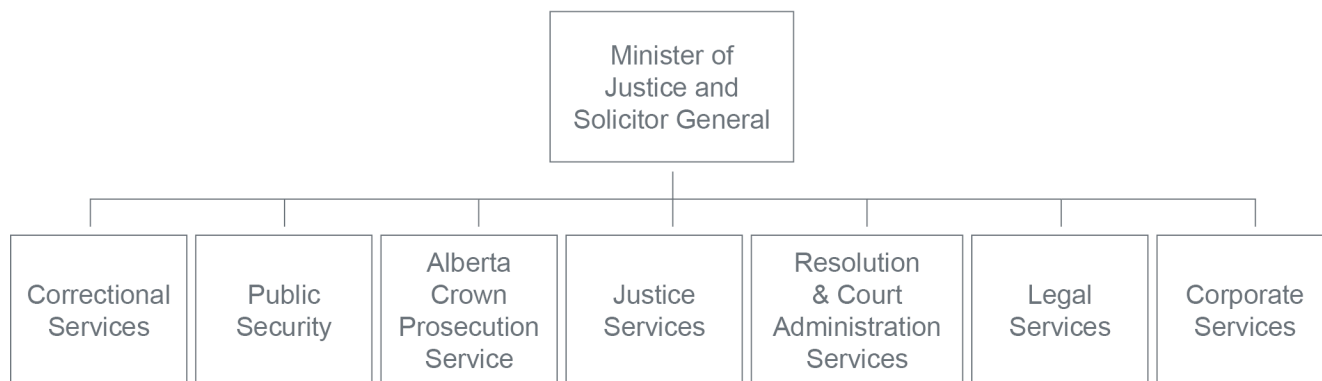


# Justice and Solicitor General

## Business Plan 2019–23

### Ministry Mandate and Structure

The ministry of Justice and Solicitor General helps ensure that all Albertans can live in safe and secure communities while having access to a fair and innovative justice system that is administered according to law. Working alongside partners in law enforcement, health, the judiciary, social services and the criminal justice system, as well as other stakeholders, the ministry has a direct or shared responsibility in all elements of the justice system in Alberta.



A more detailed description of Justice and Solicitor General and its programs and initiatives can be found at: [www.justicesolgen.alberta.ca](http://www.justicesolgen.alberta.ca)

### Ministry Outcomes

- Albertans are safe and protected
- Alberta's justice system is fair and effective
- Albertans are supported in their interactions with the justice system



# Outcome 1

## What We Want To Achieve

### Albertans are safe and protected

This outcome reflects the ministry's commitment to crack down on crime by ensuring police, prosecutors and peace officers have the right tools and resources to protect Albertans. It includes focused efforts on addressing rural crime, supporting victims of human trafficking, working with partners to address drivers of crime, and protecting Albertans' property rights.

### Key Objectives

- 1.1 Examine police funding to ensure it is equitable.
- 1.2 Strengthen Alberta's rural crime response capability and address drivers of crime through partnership with policing and community stakeholders.
- 1.3 Collaborate with partners to address the issue of human trafficking.
- 1.4 Review existing legislation and introduce new legislation to protect Albertans' property rights.

### Initiatives Supporting Key Objectives

- Closer coordination between police services, and an increased focus on high-risk repeat offenders will be supported by an \$8 million increase over four years to target and reduce rural crime.
- Alberta Law Enforcement Response Teams (ALERT) and its sub-units deal with and investigate issues important to Albertans, such as child pornography, gang violence, drug trafficking, stalking and domestic violence. This budget will increase ALERT spending by up to \$50 million over four years.
- The Drug Treatment Court is an intensive court-supervised drug treatment program. Participants are supported in overcoming drug dependence, addressing their criminal behaviour and reintegrating into their community. Expansion of this initiative will cost \$20 million over four years.

## Performance Metrics

### 1.a Performance Measure: Percentage of probation officers trained in the effective intervention techniques derived from evidence-based principles

In 2018-19, 66 per cent of probation officers were trained in the use of effective intervention techniques derived from evidence-based principles.

#### TARGETS

2019-20:	95%
2020-21:	100%
2021-22:	100%
2022-23:	100%

### 1.b Performance Indicator: Violent and property crime rates per 100,000 population

In 2018, Alberta's violent crime rate was 1,319, as compared to Canada's rate of 1,144. In the same year, Alberta's property crime rate was 5,435, as compared to Canada's rate of 3,339.

## HISTORICAL RESULTS

	2014	2015	2016	2017	2018
• Violent Crime Rate					
○ Alberta	1,266	1,316	1,282	1,311	1,319
○ Canada	1,044	1,070	1,076	1,113	1,144
• Property Crime Rate					
○ Alberta	4,376	5,247	5,335	5,530	5,435
○ Canada	3,100	3,231	3,239	3,266	3,339

### 1.c Performance Indicator: Violent and non-violent Crime Severity Index (CSI)

In 2018, Alberta's violent CSI was 97, while the Canadian CSI was 82. In the same year, Alberta's non-violent CSI was 117, while the Canadian CSI was 72.

## HISTORICAL RESULTS

	2014	2015	2016	2017	2018
• Violent Crime Severity Index					
○ Alberta	87	99	93	99	97
○ Canada	71	75	77	81	82
• Non-violent Crime Severity Index					
○ Alberta	88	106	110	117	117
○ Canada	65	68	70	71	72

### 1.d Performance Indicator: Drug Treatment Court recidivism rates

Since the Edmonton Drug Treatment Court began in 2005, 70 per cent of program graduates have had no new criminal convictions. From 2010 to 2015, 69.4 per cent of Calgary Drug Treatment Court participants had no new criminal convictions.

## Outcome 2

### What We Want To Achieve

#### Alberta's justice system is fair and effective

This outcome reflects the ministry's commitment to ensure the justice system is fairer, faster, more responsive and effective with initiatives to ensure sustainability of the justice system. Additionally, this outcome includes legislative changes and democratic reforms to strengthen government accountability.

### Key Objectives

- 2.1 Enhance criminal justice system reporting to indicate how the system is functioning.
- 2.2 Streamline processes to increase sustainability and ensure effective use of resources.
- 2.3 Introduce democratic reforms to strengthen government.

### Initiatives Supporting Key Objectives

- Design and deploy a province-wide system to ensure appropriate staffing levels for the proper functioning of Alberta's criminal justice system. The hiring of 50 new prosecutors and their support staff will cost up to \$40 million over four years.

## Performance Metrics

### 2.a Performance Measure: Provincial Court of Alberta lead time to trial for serious and violent matters (weeks)

In 2018-19, Provincial Court of Alberta lead time to trial for serious and violent matters was 22.1 weeks.

#### TARGETS

2019-20:	21 weeks
2020-21:	21 weeks
2021-22:	20 weeks
2022-23:	20 weeks

### 2.b Performance Indicator: Number of *Jordan* applications granted

Between October 25, 2016 and July 4, 2019, there have been 22 *Jordan* applications granted, 3 of which are being appealed by the Crown.

### 2.c Performance Indicator: Number of trial Crown prosecutors

In 2018-19, there were 337 trial Crown prosecutors in the Alberta Crown Prosecution Service.

### 2.d Performance Indicator: Number of police officers

In 2018, Alberta had 7,510 police officers, which includes municipal police services, contract policing (RCMP and Aboriginal contract policing), and federal and other policing.

### 2.e Performance Indicator: Indigenous over-representation

In 2018-19, 41.9 per cent of adults in custody in Alberta correctional centres identified as Indigenous.

In comparison, in 2016 (the most current census data available), 6.5 per cent of Alberta's total population identified as Indigenous.

## Outcome 3

### What We Want To Achieve

#### Albertans are supported in their interactions with the justice system

This outcome reflects the ministry's commitment to provide high quality, accessible, citizen-focused services. This includes enhancing the services and supports provided to victims of crime and Albertans in need.

#### Key Objectives

- 3.1 Conduct a review of the current model of victim service delivery, victim assistance funding and victim compensation.
- 3.2 Develop a sustainable way for Albertans to access justice services, including through alternative resolution options.
- 3.3 Provide greater services to Albertans in need.

3.4 Implement technology enhancements to improve access and service delivery.

#### Initiatives Supporting Key Objectives

- Capital funding is allocated to enhance technology to provide Albertans with timely and accessible supports and services. E-courts will cost \$27 million over four years.

## Performance Metrics

### 3.a Performance Measure: Alberta Justice and Solicitor General's Family Mediation Program (voluntary service to support families to reach a mutual agreement that focuses on the child and avoids going to court) resolution rate

In 2018-19, Alberta Justice and Solicitor General's Family Mediation Program had an 87 per cent resolution rate.

#### TARGETS

2019-20:	90%
2020-21:	90%
2021-22:	91%
2022-23:	91%

### 3.b Performance Measure: The Provincial Court Civil Mediation Program (service to support individuals to negotiate a resolution to their dispute instead of going to trial) resolution rate

The Provincial Court Civil Mediation Program resolution rate was 46 per cent in 2018-19.

#### TARGETS

2019-20:	53%
2020-21:	53%
2021-22:	53%
2022-23:	53%

### 3.c Performance Measure: Percentage of calls to the Resolution and Court Administration Services Contact Centre that are resolved on the first call

In 2018-19, 68 per cent of calls to the Resolution and Court Administration Services Contact Centre were resolved on the first call.

#### TARGETS

2019-20:	70%
2020-21:	72%
2021-22:	74%
2022-23:	76%

## STATEMENT OF OPERATIONS

(thousands of dollars)

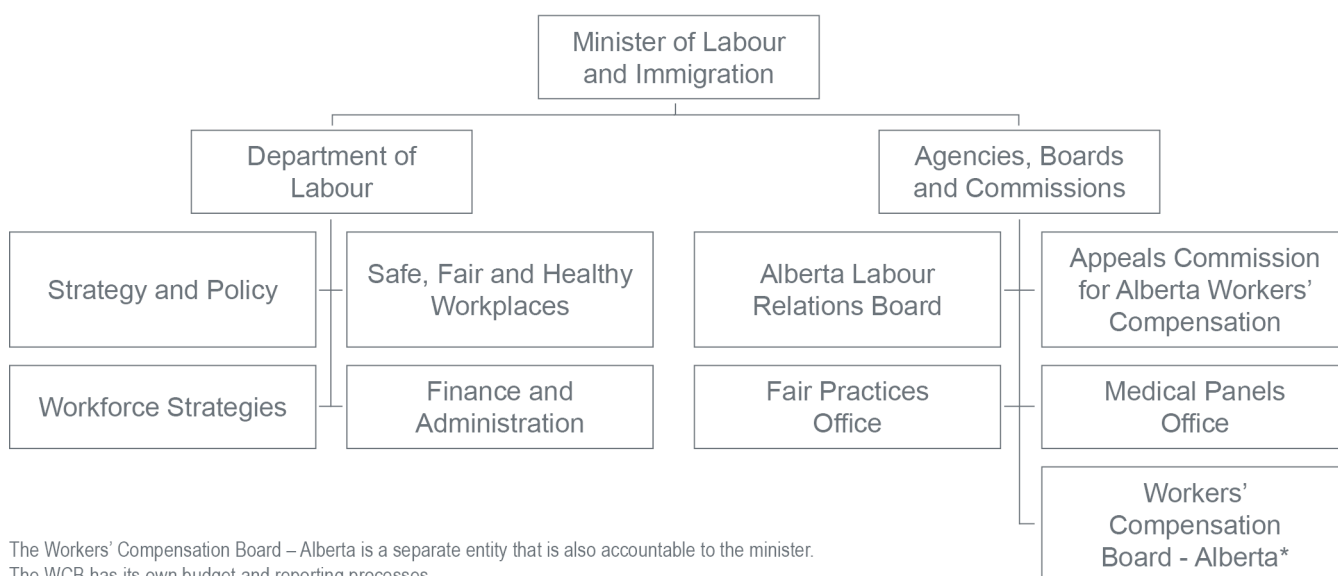
(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Transfers of Assets or Liabilities from Related Parties	-	1	-	-	-	-
Transfers from Government of Canada	37,382	38,686	46,158	51,783	51,083	51,232
Investment Income	1,043	3,126	1,043	1,043	1,043	1,043
Motor Vehicle Accident Claim Fees	24,000	23,206	24,300	24,600	24,600	24,600
Other Premiums, Fees and Licences	31,555	32,441	32,595	32,915	33,235	33,335
Fines and Penalties	224,900	199,890	220,950	258,350	259,350	259,350
Maintenance Enforcement	16,177	16,355	16,270	16,377	16,482	16,593
Other Revenue	26,450	28,249	28,071	32,254	32,868	34,013
Ministry Total	361,507	341,954	369,387	417,322	418,661	420,166
Inter-Ministry Consolidations	(525)	(9)	-	-	-	-
Consolidated Total	360,982	341,945	369,387	417,322	418,661	420,166
EXPENSE						
Ministry Support Services	25,700	24,949	25,189	25,078	25,078	25,078
Resolution and Court Administration Services	207,579	200,585	196,866	185,626	164,126	158,626
Legal Services	57,490	55,866	54,268	48,703	41,203	38,078
Alberta Crown Prosecution Service	102,218	103,605	104,896	109,258	114,021	116,738
Justice Services	163,296	176,072	169,897	166,352	161,389	161,352
Public Security	518,228	523,163	532,935	521,330	519,483	528,374
Correctional Services	286,790	289,756	289,011	270,161	268,479	268,479
Alberta Human Rights	8,953	8,079	7,103	7,027	7,027	7,027
Motor Vehicle Accident Claims	26,809	31,253	30,838	30,813	30,813	30,813
Victims of Crime Fund	40,045	42,972	43,394	32,746	27,746	27,746
Ministry Total	1,437,108	1,456,300	1,454,397	1,397,094	1,359,365	1,362,311
Inter-Ministry Consolidations	(525)	(1,723)	-	-	-	-
Consolidated Total	1,436,583	1,454,577	1,454,397	1,397,094	1,359,365	1,362,311
Net Operating Result	(1,075,601)	(1,112,632)	(1,085,010)	(979,772)	(940,704)	(942,145)
CAPITAL INVESTMENT						
Ministry Support Services	2,149	513	665	20	20	20
Resolution and Court Administration Services	1,000	1,012	5,630	6,630	9,330	12,330
Legal Services	-	92	-	-	-	-
Alberta Crown Prosecution Service	2,100	1,557	380	380	380	380
Justice Services	4,000	1,915	540	449	149	149
Public Security	533	1,668	1,695	1,695	695	695
Correctional Services	150	1,627	288	288	288	288
Victims of Crime Fund	25	-	15	15	15	15
Consolidated Total	9,957	8,384	9,213	9,477	10,877	13,877

# Labour and Immigration

## Business Plan 2019–23

### Ministry Mandate and Structure

The ministry of Labour and Immigration focuses on supporting job creators, building and developing a strong and diverse workforce, promoting safe, fair and healthy workplaces and attracting skilled workers and entrepreneurs from across Canada and the world to Alberta to support economic growth and diversification.



A more detailed description of Labour and Immigration and its programs and initiatives can be found at: <https://www.alberta.ca/labour-and-immigration.aspx>.

### Ministry Outcomes

- Alberta's labour legislation and programs supports job creators and a thriving economy
- Albertans have the skills demanded by Alberta's labour market now and in the future
- Alberta is able to attract immigrants and retain new Albertans, resulting in a skilled, resilient and productive workforce that meets the needs of job creators
- Alberta has safe, fair and healthy workplaces
- Employers and workers have access to timely, fair and independent adjudication and dispute resolution services

# Outcome 1

## What We Want To Achieve

### Alberta's labour legislation and programs support job creators and a thriving economy

A balanced approach to labour legislation and regulation supports job creators to find, retain and develop a skilled workforce while protecting the health, safety and rights of workers. The ministry maintains legislation and regulation related to occupational health and safety, employment standards, labour relations and governance and licensing of self-regulating professions as well as the *Workers' Compensation Act*. The ministry will undertake a review of key pieces of legislation and regulation and program delivery to reduce regulatory burden and ensure it supports businesses and encourages economic growth.

### Key Objectives

- 1.1 Review and revise legislation, regulations, programs and processes to ensure the effective and efficient delivery of services focusing on reducing red tape and regulatory burden for businesses and Albertans.
- 1.2 Assess current minimum wage impacts to the economy and encourage youth employment by establishing a youth minimum wage.
- 1.3 Implement the *Open for Business Act* to provide flexibility around holiday pay and banked overtime and to simplify the labour relations process.
- 1.4 Review and amend labour legislation and regulation to ensure it supports the needs of job creators while protecting worker rights and enabling a thriving economy.
- 1.5 Review Alberta's farm safety laws to ensure they balance the unique economic pressures of farming and ranching with the need for a flexible farm safety regime.

### Initiatives Supporting Key Objectives

- In 2019-20, \$250,000 is allocated to assist farmers and ranchers to implement health and safety practices and procedures that align with Occupational Health and Safety legislation and make their work sites safe for their workers, their families and themselves through the Farm Health and Safety Grant.
- The Minimum Wage Expert Panel will assess the province's minimum wage and whether hospitality industry workers who serve alcohol would benefit from a wage differential allowing them to work more hours. In 2019-20, \$50,000 is budgeted for the Minimum Wage Expert Panel.

## Performance Metrics

### 1.a Performance Measure: Red Tape reduction

Government is committed to reducing red tape (regulatory requirements) and the ministry will assess its progress toward achieving a one-third reduction in Labour and Immigration regulatory requirements.

*(Regulatory requirements are any action that a citizen, business, or government must take to access government services or programs, carry out business or pursue legislated privileges.)*

#### TARGETS

2019-20:	N/A
2020-21:	50%
2021-22:	100% (one-third reduction)
2022-23:	N/A

## Outcome 2

### What We Want To Achieve

#### Albertans have the skills demanded by Alberta's labour market now and in the future

The ministry provides training and re-training programs that help unemployed or under employed Albertans obtain the skills needed to succeed now and into the future. The ministry works to expand training beyond the classroom to ensure these individuals gain the skills and experience needed to maintain stable employment. The ministry develops and aligns evidence-based policies and programs to influence and respond effectively to the province's short and long-term labour market needs. The ministry also collaborates with the ministries of Advanced Education, Community and Social Supports, Education and Indigenous Relations to ensure career supports and training programs provide Albertans with what they need to participate in Alberta's labour market.

#### Key Objectives

- 2.1 Develop and administer training and employment programs that connect Albertans to good jobs, increasing regional access to training and employment services.
- 2.2 Work with employers, unions and other parties to reduce the impact of workforce transitions.
- 2.3 Improve participation in Alberta's workforce particularly among underrepresented groups.
- 2.4 Partner with Indigenous communities and organizations to support the participation of Indigenous People in the labour market.

#### Initiatives Supporting Key Objectives

- In 2019-20, \$4.5 million is allocated to Workforce Development Partnerships to help ensure Alberta can respond to skills shortages through collaborative efforts with industry, communities, employer groups, organizations, industry sectors, and municipalities with common labour market needs.
- In 2019-20, \$22 million is allocated to Labour Market Programs to support Alberta employers and their employees to gain the skills they need to succeed in the workforce, including funding for the Canada-Alberta Job Grant.
- Funding for Skills and Training Support provides training opportunities and support for individuals to get a job or substantially improve their employment situation, including funding for Training for Work programs, Aboriginal Training to Employment, First Nations Training to Employment, and Income Support for Learners. \$40.6 million in funding is allocated in 2019-20.
- In 2019-20, \$4.7 million is allocated for the Coal Workforce Transition Program to provide financial support for employees affected by the phase out of coal-fired electricity generation.

## Performance Metrics

### 2.a Performance Measure: Outcomes for Training for Work clients

In 2018, 71.9 per cent of Training for Work clients reported they are either employed or in further education or training after leaving a skills training program.

#### TARGETS

2019-20:	70%
2020-21:	70%
2021-22:	70%
2022-23:	70%



## Outcome 3

### What We Want To Achieve

**Alberta is able to attract immigrants and retain new Albertans, resulting in a skilled, resilient and productive workforce that meets the needs of job creators**

Many new Albertans bring an entrepreneurial drive to start new businesses and skills that help employers address labour shortages. The ministry delivers programs and services that attract and support newcomers and assess credentials received outside of Canada. The ministry works and advocates for increased labour mobility and qualification recognition across Canada and to reduce barriers to full participation in Alberta's economy. It also works to ensure newcomers have access to programs and services necessary to be successful in Alberta's economy.

### Key Objectives

- 3.1 Leverage targeted attraction and retention strategies and the implementation of labour mobility priorities to assist Alberta employers in supplementing their workforce.
- 3.2 Collaborate with other ministries and develop an Alberta Advantage Immigration Strategy, to attract talented newcomers and job creating entrepreneurs with a focus on settlement in smaller communities.
- 3.3 Establish a Fairness for Newcomers Office to work with professional regulatory organizations to ensure qualification recognition processes are transparent, objective, efficient, impartial and fair.
- 3.4 Support newcomers by providing enhanced pre-arrival settlement services, working with service providing organizations to offer skills upgrading to underemployed foreign professionals and working to expand newcomers' access to bridge financing for certification exams through low interest loans.

### Initiatives Supporting Key Objectives

- Settlement and Integration funding helps increase the ability of newcomers to successfully settle and integrate in Alberta and includes funding provided to immigrant-serving agencies. In 2019-20, \$8.3 million is allocated.
- In 2019-20, \$9.3 million is allocated to Labour Attraction and Retention for targeted strategies for attracting and retaining the workers Alberta needs and initiatives aimed at fully engaging new Albertans in the workforce, including the delivery of the Alberta Immigrant Nominee Program.
- Labour Qualifications and Mobility initiatives and programs help ensure that workers from across Canada and internationally receive recognition of their qualifications so that they are able to apply their skills and work to their full potential in Alberta's labour market. These programs and initiatives include the International Qualifications Assessment Service, Foreign Qualification Recognition, and the Fairness for Newcomers Office. In 2019-20, \$10.5 million is allocated.

## Performance Metrics

### 3.a Performance Indicator: Alberta Immigrant Nominee Program (AINP) retention

Nominees that landed in 2017 were surveyed in 2019. 85.7 per cent of AINP nominees surveyed reported they were still working and residing in Alberta one year after obtaining permanent residency.

### 3.b Performance Measure: Satisfaction of International Qualifications Assessment Service (IQAS) applicants (*The IQAS survey is conducted every two years.*)

In 2017-18, 91 per cent of IQAS applicants were satisfied with the services received.

## TARGETS

2019-20:	85%
2020-21:	N/A
2021-22:	85%
2022-23:	N/A

## Outcome 4

### What We Want To Achieve

#### Alberta has safe, fair and healthy workplaces

Safe, fair and healthy workplaces help Alberta to be a more attractive and competitive place to work and do business. The ministry collaborates with job creators, workers, health and safety associations, industry associations, and labour groups to promote an informed and knowledgeable workforce regarding both rights and responsibilities. The ministry is focused on fair and timely complaint resolution services. A balanced approach to compliance supports capital investment, job creation in Alberta and worker safety. The ministry takes an evidence-based approach through proactive programs to focus on job creators that require assistance in implementing effective health and safety programs that benefit all workplace parties and ensure they are fulfilling their obligations so that workers are able to go home at the end of each day.

#### Key Objectives

- 4.1 Work proactively with employers and workers to promote compliance with employment standards and engage in timely complaint resolution and effective enforcement.
- 4.2 Develop new technologies and applications to provide more timely access to occupational health and safety and employment standards records and to facilitate the reporting of information.
- 4.3 Review and enhance the certificate of recognition program to support businesses to build effective health and safety management systems.
- 4.4 Improve workplace health and safety by monitoring for compliance with the *Occupational Health and Safety Act*, Regulation and Code at Alberta worksites through education, responding to reportable incidents and conducting evidence-based inspections.

#### Initiatives Supporting Key Objectives

- In 2019-20, \$54.9 million is allocated to Occupational Health and Safety to work with job creators and monitor legislative compliance to ensure adequate protection for workers in Alberta.
- Employment Standards helps maintain fair and equitable workplaces by setting minimum standards for wages and working conditions in most workplaces in Alberta. In 2019-20, \$16.1 million is allocated.

## Performance Metrics

- 4.a Performance Indicator: Lost-time claim rate and disabling injury rate** (*The lost-time claim rate (LTCR) is the number of lost-time claims per 100 person-years worked and the disabling injury rate (DIR) is the number of disabling injuries per 100 person-years worked. One person-year is equivalent to one full-time worker working for one year or 2,000 hours worked. The LTCR and DIR are indicators of occupational health and safety performance in the province.*)

In 2018, Alberta's lost-time claim rate was 1.46 and the disabling injury rate was 2.71.

**4.b Performance Measure: Employment standards complaints completed within 180 days** *(The ministry has set a standard of 75% for this measure.)*

In 2018-19, 62 per cent of employment standards complaints were completed within 180 days of the date the complaint was received.

**TARGETS**

2019-20:	75%
2020-21:	75%
2021-22:	75%
2022-23:	75%

**4.c Performance Measure: Employment standards complaints resolved voluntarily** *(The ministry has set a standard of 84% for this measure.)*

In 2018-19, 81 per cent of employment standards complaints were resolved using mediation, settlement, compromise or other voluntary means.

**TARGETS**

2019-20:	84%
2020-21:	84%
2021-22:	84%
2022-23:	84%

## Outcome 5

### What We Want To Achieve

#### **Employers and workers have access to timely, fair and independent adjudication and dispute resolution services**

Work under this outcome represents the collective work of the Alberta Labour Relations Board, the Appeals Commission for Alberta Workers' Compensation, the Fair Practices Office, the Medical Panels Office, and the Department of Labour and Immigration's Mediation Services to promote positive labour and management relations throughout Alberta.

#### **Key Objectives**

- 5.1 Provide effective labour relations dispute resolution services through ministry-appointed mediators and launch a Grievance Mediation program to provide an early, cost effective alternative to arbitration.
- 5.2 Provide efficient, timely, effective and consistent services to the Alberta labour relations community through the Alberta Labour Relations Board.
- 5.3 Provide timely, fair and efficient appeal services independent of the Workers' Compensation Board through the Appeals Commission for Alberta Workers' Compensation.
- 5.4 Review and make recommendations determining administrative fairness within the workers' compensation system and breaches of the Workers' Compensation Board Code of Rights and Conduct and provide navigation assistance, independent advice, and advocacy services to employers and workers and their dependents who are appealing compensation decisions through the Fair Practices Office.

- 5.5 Provide injured workers and other system partners in the workers' compensation system with an impartial, independent process to resolve complex medical issues through the Medical Panels Office.

### Initiatives Supporting Key Objectives

- Labour Relations administers mediator and arbitrator rosters to assist employers and unions in resolving disputes and provides information on labour negotiations and collective bargaining. Labour Relations also provides strategic advice and maintains the Labour Relations Code and regulations. In 2019-20, \$1.9 million is allocated.
- In 2019-20, \$4.3 million is allocated to the Alberta Labour Relations Board to provide an independent and impartial tribunal responsible for the day-to-day application and interpretation of Alberta's labour laws.
- The Appeals Commission for Alberta Workers' Compensation provides an appeals process independent of the Workers' Compensation Board that is timely, fair, and consistent with legislation, policy and the principles of natural justice. In 2019-20, \$12.8 million is allocated to the Appeals Commission for Alberta Workers' Compensation.
- The Fair Practices Office provides assistance navigating the workers' compensation system, fairness reviews, system assurance reports, and independent appeals advice and advocacy services. In 2019-20, \$9.4 million is allocated to the Fair Practices Office.
- The Medical Panels Office provides an impartial, independent process to resolve complex medical issues for workers and other system partners in the workers' compensation system. In 2019-20, \$1.3 million is allocated to the Medical Panels Office.

## Performance Metrics

### 5.a Performance Measure: Alberta Labour Relations Board (ALRB) hearings *(The ALRB strives to hear all applications within 70 days of receipt of the application.)*

In 2018-19, the average number of days from the acceptance of an application to the date of the first Alberta Labour Relations Board (ALRB) hearing was 58.

#### TARGETS

2019-20:	70 days
2020-21:	70 days
2021-22:	70 days
2022-23:	70 days

### 5.b Performance Measure: ALRB decisions rendered within 90 calendar days

In 2018-19, 70 per cent of decisions were rendered by the ALRB within 90 calendar days from completion of the hearing(s).

#### TARGETS

2019-20:	85%
2020-21:	85%
2021-22:	85%
2022-23:	85%

### 5.c Performance Measure: Appeals Commission reconsideration process

In 2018-19, 98.9 per cent of decisions were not challenged, or if challenged, were supported by the Appeals Commission's reconsideration process, the Court of Queen's Bench, the Court of Appeal or the Alberta Ombudsman.

#### TARGETS

2019-20:	98%
2020-21:	98%
2021-22:	98%
2022-23:	98%

### 5.d Performance Indicator: Person-days lost to strikes and lockouts *(Work days not worked in the calendar year due to legal strikes and lockouts per 1,000 employees.)*

In 2018, there were 0.7 person-days lost to strikes and lockouts per 1,000 employees.

## STATEMENT OF OPERATIONS

(thousands of dollars)

(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Labour Market Development	58,322	66,302	56,022	56,022	56,022	56,022
Other Transfers from Government of Canada	-	-	348	466	186	-
Other Revenue	77,781	73,255	79,481	76,360	74,834	75,020
Premiums, Fees and Licences	3,386	4,954	4,386	8,286	8,286	8,286
Transfers of Assets or Liabilities from Related Parties	-	169	-	-	-	-
Ministry Total	139,489	144,680	140,237	141,134	139,328	139,328
Inter-Ministry Consolidations	-	(169)	-	-	-	-
Consolidated Total	139,489	144,511	140,237	141,134	139,328	139,328
EXPENSE						
Ministry Support Services	5,741	5,076	5,622	5,589	5,589	5,589
Workforce Strategies	122,069	119,170	114,823	104,187	108,483	103,731
Safe, Fair and Healthy Workplaces	77,489	69,244	73,323	76,237	74,711	74,897
Labour Relations Board	4,487	3,616	4,259	4,245	4,245	4,245
Appeals Commission for Alberta Workers' Compensation	13,635	12,549	12,959	12,950	12,950	12,950
Medical Panels Office for Alberta Workers' Compensation	1,355	953	1,286	1,283	1,283	1,283
Fair Practices Office	3,470	2,518	9,388	6,572	6,572	6,572
Ministry Total	228,246	213,126	221,660	211,063	213,833	209,267
Inter-Ministry Consolidations	(2,000)	(4,265)	(2,000)	(2,000)	(2,000)	(2,000)
Consolidated Total	226,246	208,861	219,660	209,063	211,833	207,267
Net Operating Result	(86,757)	(64,350)	(79,423)	(67,929)	(72,505)	(67,939)
CAPITAL INVESTMENT						
Workforce Strategies	-	331	-	-	-	-
Safe, Fair and Healthy Workplaces	1,900	1,999	1,400	900	900	900
Labour Relations Board	-	264	-	-	-	-
Medical Panels Office for Alberta Workers' Compensation	-	22	-	-	-	-
Fair Practices Office	-	369	-	-	-	-
Ministry Total	1,900	2,985	1,400	900	900	900
Inter-Ministry Consolidations	-	-	(250)	-	-	-
Consolidated Total	1,900	2,985	1,150	900	900	900



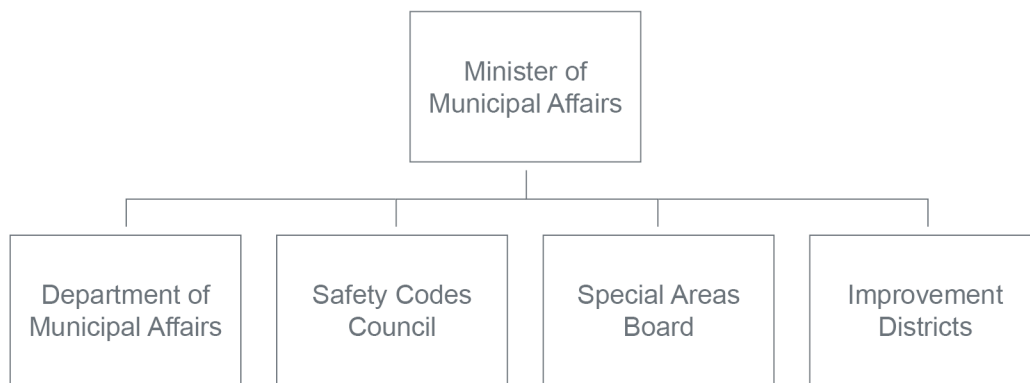
# Municipal Affairs

## Business Plan 2019–23

### Ministry Mandate and Structure

Municipal Affairs assists municipalities in providing well-managed local government to Albertans, including administering municipal grant programs and the preparation of designated industrial property and equalized assessments, managing public land and providing municipal services in the province's three Special Areas, and providing limited administrative services to seven improvement districts. The ministry manages the network of municipal and library system boards that provides province-wide access to public library services for all Albertans. Municipal Affairs also works to enable local governments to facilitate Alberta's economic prosperity. The ministry also administers the public safety system that helps ensure that the construction and maintenance of buildings and equipment meet appropriate safety standards. Municipal Affairs leads the co-ordination, collaboration, and co-operation of all organizations involved in the prevention, preparedness, response to and recovery from disasters and emergencies in the province. The ministry's independent and impartial quasi-judicial boards provide fair and timely decisions on assessment, compensation, and land planning matters.

The ministry consists of the Department of Municipal Affairs and the Safety Codes Council. The ministry also includes the Special Areas Board and seven improvement districts, which are accountable to the minister.



A more detailed description of Municipal Affairs and its programs and initiatives can be found at: <https://www.alberta.ca/municipal-affairs.aspx>.

### Ministry Outcomes

- Albertans live in viable municipalities and communities with fiscally responsible, collaborative, and accountable local governments
- Alberta's economic prosperity is facilitated by local governments
- Albertans are protected with safe buildings, homes, and communities
- Alberta is emergency ready and resilient
- Albertans receive fair, timely, and well-reasoned decisions from the ministry's quasi-judicial boards



# Outcome 1

## What We Want To Achieve

### **Albertans live in viable municipalities and communities with fiscally responsible, collaborative, and accountable local governments**

The ministry supports the viability of municipalities by providing grants and other financial support, administering the Municipal Internship Program, providing training opportunities, conducting municipal reviews and inspections, and undertaking other advisory activities. The ministry also provides support through the Municipal Sustainability Strategy, which helps improve the long-term viability of municipalities across the province. Further, the ministry oversees the property assessment and taxation system, including the preparation of designated industrial property and the equalized assessment, which assists with the development of the province's education property tax. Through these actions, Municipal Affairs fosters capacity building, transparency, and accountability, which are essential elements for responsible local government. The ministry also supports communities across the province through enabling equitable access to library services for all Albertans.

### **Key Objectives**

- 1.1 Work with municipalities to strengthen regional planning and service delivery through a number of regional governance mechanisms, such as intermunicipal collaboration frameworks and growth management boards.
- 1.2 Support municipalities in continuing to strengthen municipal accountability and transparency through the Municipal Accountability Program, the municipal inspection process, and the introduction of a new annual Alberta Municipalities Measurement Index.
- 1.3 Work collaboratively with municipalities and industry to improve the consistency and efficiency of the property assessment system by completing the transition to the centralized model for designated industrial property assessment and modernizing the assessment models for regulated properties.
- 1.4 Work collaboratively with municipalities and municipal associations in continuing to offer and develop tools and programs to support well-managed, accountable, and sustainable municipalities.
- 1.5 Provide funding to municipalities to help them meet their strategic long-term infrastructure needs and review the fiscal framework for municipal capital funding.
- 1.6 Enhance Albertans' access to public library resources by continuing to provide operating grants to library boards and to continue to invest in the province-wide library network.

### **Initiatives Supporting Key Objectives**

- In 2019-20, \$670.8 million is allocated for the Municipal Sustainability Initiative (MSI). MSI is the province's primary capital grant program for municipalities, and supports vital local infrastructure such as roads, bridges, fire halls, water/wastewater systems, and recreation centres. The ministry will continue to support delivery of local projects under MSI through the program's planned conclusion in 2021-22.
- The Alberta Community Partnership provides targeted funding which focuses on regional collaboration and finding efficient and effective ways to deliver regional services, building capacity through municipal internships, resolving inter-municipal conflicts, and the exploration of regional governance. The 2019-20 budget is \$16.5 million.
- In 2019-20, \$37 million is allocated for Municipal Affairs to support public library services through: public library operating grants; support for SuperNet access in public libraries; interlibrary loan management and delivery; province-wide electronic content; improving access and eliminating barriers to library services for Indigenous people, print-disabled people, and Albertans living in rural and remote communities.

## Performance Metrics

### 1.a Performance Measure: Percentage of municipalities deemed to not be at risk based on financial and governance risk indicators

This measure includes a “percentage achievement” target that commits to a high standard of expected performance at the set rate of 90 per cent. The 2018-19 actual results (for 2017) were 93 per cent.

#### TARGETS

2019-20 (2018):	90%
2020-21 (2019):	90%
2021-22 (2020):	90%
2022-23 (2021):	90%

## Outcome 2

### What We Want To Achieve

#### Alberta’s economic prosperity is facilitated by local governments

Municipal Affairs and the province’s local governments are well-positioned to help deliver on the Government of Alberta’s plan to reignite the economy, support job creators, and get Albertans working again.

#### Key Objectives

- 2.1 Streamline regulatory requirements in municipal legislation and regulation that are hampering administrative efficiencies for municipalities. The proposed amendments will allow municipalities to be more responsive to the needs of their residents and businesses.
- 2.2 Enable municipalities to foster economic growth by ensuring they have the tools to do so, including facilitating pre-approved industrial zones and allowing municipalities to offer multi-year property tax incentives.
- 2.3 Develop and deliver on a red tape reduction plan to make sure the ministry’s current and new regulations are free of unnecessary red tape, as required by the *Red Tape Reduction Act*.

#### Initiatives Supporting Key Objectives

- In advance of an assessment model review that is expected to reduce assessed values of shallow gas wells next year, the ministry is supporting municipalities to reduce 2019 property taxes on shallow gas wells and related pipelines by 35 per cent, which will be offset with an education tax credit. This will provide urgently needed short-term relief to this sector, which supports jobs and investment in Alberta communities, and costs \$23 million.

## Performance Metrics

### 2.a Performance Measure: Number of regulatory requirements reduced across the ministry

Municipal Affairs is reviewing all statutes, regulations, and associated policies, forms, and guides to establish a baseline count for the number of regulatory requirements that require citizens and/or businesses and/or government to complete an action in order to comply with statutes and regulation, or access government services. Once a baseline count is validated, targets will be established and the ministry will set about to eliminate unnecessary regulatory burdens. This is a new measure and initial results are expected in spring 2020 and will be reported in the ministry’s 2019-20 Annual Report.

## TARGETS

2019-20:	N/A
2020-21:	N/A
2021-22:	N/A
2022-23:	N/A

## Outcome 3

### What We Want To Achieve

#### Albertans are protected with safe buildings, homes, and communities

In order to help ensure Albertans are safe in their homes and communities, the ministry oversees a safety system that includes administration of the *Safety Codes Act*, the development and implementation of modern safety codes, and support for local delivery of fire and rescue services. Municipal Affairs also administers the *New Home Buyer Protection Act*, which requires that all new homes built in Alberta are protected under warranty and all new home construction is performed by a licensed homebuilder.

#### Key Objectives

- 3.1 Align the safety codes system to a quality assurance framework that enables partners to act autonomously while holding them accountable.
- 3.2 Represent Alberta and its interests during the development of national and international codes for potential adoption in Alberta.
- 3.3 Reduce provincial trade barriers in safety codes.
- 3.4 Hold residential builders accountable to construction standards for quality and code compliance.
- 3.5 Lower regulatory costs on new housing.

#### Initiatives Supporting Key Objectives

- In 2019-20, \$3.3 million is allocated for the Residential Protection Program, which includes processing builder license applications and renewals, administering a publicly accessible online registry of new residential homes covered under the warranty requirements, and promoting and enforcing the legislated requirements.

## Performance Metrics

- 3.a Performance Measure: Number of injuries and fatalities caused by structural or mechanical failure of buildings and associated systems per 100,000 population in Alberta** *(The 2018-19 results are not yet available; however, the ministry will target to provide results as part of the 2020-23 business plan.)*

## TARGETS

2019-20:	0.91
2020-21:	0.87
2021-22:	0.82
2022-23:	0.78

**3.b Performance Indicator: Number of injuries and fatalities involving buildings or associated systems not caused by structural or mechanical failure per 100,000 population in Alberta** *(The 2018-19 results are not yet available; however, the ministry will target to provide results as part of the 2020-23 business plan.)*

	2014	2015	2016	2017
Actuals	6.03	6.59	6.15	5.43

**3.c Performance Indicator: Number of fire reports not caused by structural or mechanical failure of buildings and associated systems, per 100,000 population in Alberta** *(2016 actuals includes the Fort McMurray wildfires. When the wildfires are excluded, the number of fire reports per 100,000 population in 2016 is 100.54. The 2018-19 results are not yet available; however, the ministry will target to provide results as part of the 2020-23 business plan.)*

	2014	2015	2016	2017
Actuals	116.74	124.09	399.61	96.61

## Outcome 4

### What We Want To Achieve

#### Alberta is emergency ready and resilient

To help Alberta's municipalities and communities better manage emergencies and disasters, the ministry provides a range of supports. Through the Alberta Emergency Management Agency, the ministry provides strategic policy advice and leadership to emergency management partners, and maintains and staffs the Provincial Operations Centre to co-ordinate the Government of Alberta's response to emergencies and disasters. The ministry also helps Albertans and communities recover after disasters by providing financial assistance, expert recovery advice, and co-ordinating resources across the Government of Alberta ministries and recovery stakeholders.

#### Key Objectives

- 4.1 Work with and support communities in implementing recent changes to the emergency management legislative framework to improve emergency preparedness at the community-level.
- 4.2 Improve Alberta's emergency preparedness and response capability through regional incident management teams.
- 4.3 Improve community and individual-level disaster resilience by providing on-line and in-person emergency management training to municipalities and through public awareness campaigns.
- 4.4 Assist communities and Albertans to recover from disasters by administering disaster financial assistance, providing disaster recovery co-ordination, and co-ordinating Government of Alberta disaster expenditures.
- 4.5 Improve resilience within the Government of Alberta by strengthening the current business continuity and consequence management programs and by leading in the development of a provincial hazard and risk assessment and disaster resilience strategy.
- 4.6 Ensure Albertans have access to 911 and emergency public alerting services that are technologically current and agile.

## Initiatives Supporting Key Objectives

- Municipal Affairs makes the Alberta Emergency Alert available to municipal, federal, and provincial users, enabling emergency notifications to be sent to Albertans. In 2019-20, \$0.35 million is budgeted for this program.
- Municipalities and Government of Alberta departments are supported through the 2019 Northwest Alberta Wildfire Disaster Recovery Program, as well as funding provided to municipalities and residents impacted by other extraordinary flooding events in 2019. In 2019-20, \$150.8 million is budgeted primarily for 2018 and 2019 events (wildfires and floods).
- In 2019-20, \$17 million will be provided to 911 call centres to support the services they provide to Albertans who need emergency assistance.

## Performance Metrics

### 4.a Performance Measure: Percentage of communities (municipalities, First Nations, and Metis Settlements) that have been visited by an Alberta Emergency Management Agency field officer and had their Community Emergency Management Plan reviewed annually

This measure includes a “percentage achievement” target that commits to a high standard of expected performance at the set rate of 90 per cent. Field officer capacity is impacted by the unpredictability around the type, frequency, and severity of extraordinary disaster events. The 2018-19 actual results were 93 per cent.

#### TARGETS

2019-20:	90%
2020-21:	90%
2021-22:	90%
2022-23:	90%

### 4.b Performance Measure: Percentage of residential disaster financial assistance files that have received 90 per cent of its estimated funding within 90 days of being determined eligible for disaster financial assistance

This measure includes a “percentage achievement” target that commits to a high standard of expected performance at the set rate of 90 per cent, taking into account the unpredictability around the type, frequency, and severity of extraordinary disaster events. Other factors that add the variability in performance are the volume and complexity of individual disaster financial assistance applications received. The 2018-19 actual results were 94 per cent.

#### TARGETS

2019-20:	90%
2020-21:	90%
2021-22:	90%
2022-23:	90%

## Outcome 5

### What We Want To Achieve

#### Albertans receive fair, timely, and well-reasoned decisions from the ministry's quasi-judicial boards

The Municipal Government Board, New Home Buyer Protection Board, Surface Rights Board, and Land Compensation Board deliver fair and impartial quasi-judicial dispute resolution processes for assessment, compensation, land planning, and other matters that impact Albertans and the municipalities in which they live.

### Key Objectives

- 5.1 Deliver an efficient and impartial appeals process for land planning, compensation, assessment, and other matters referred to the Boards.
- 5.2 Assist parties with resolving their disputes by providing effective alternative dispute resolution and mediation services.
- 5.3 Provide certification training and support to municipal Assessment Review Boards.
- 5.4 Strengthen the rights of landowners and operators to fair and timely decisions on surface rights matters by streamlining internal processes and reducing timelines for issuing decisions.
- 5.5 Legislatively amalgamate the Municipal Government Board, the New Home Buyer Protection Board, the Surface Rights Board, and the Land Compensation Board into a single board, to further reduce duplication and ensure efficiency.

### Initiatives Supporting Key Objectives

- In 2019-20, \$0.8 million will be provided to support Municipal Assessment Review Boards across Alberta, providing board members to preside over composite assessment review board hearings.

## Performance Metrics

#### 5.a Performance Measure: Percentage of parties to Municipal Government Board appeals who are satisfied or neutral regarding the Board's performance of services in support of planning, annexation, designated industrial property, and equalized assessment appeals

The 2018-19 actual results were 89 per cent.

#### TARGETS

2019-20:	88%
2020-21:	88%
2021-22:	88%
2022-23:	88%

#### 5.b Performance Indicator: Percentage satisfied or neutral regarding Municipal Government Board support to Municipal Composite Assessment Review Boards

The 2018-19 actual results were 96 per cent.

	2013	2014	2015	2016	2017
Actuals	99%	100%	100%	100%	99%

## STATEMENT OF OPERATIONS

(thousands of dollars)

(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Transfers from Government of Canada						
Federal Gas Tax Fund	229,516	228,827	476,544	244,029	255,121	255,121
Disaster Assistance	-	31,129	-	-	-	-
Other	8,400	8,494	5,000	-	-	-
Investment Income	150	495	475	475	475	475
Premiums, Fees and Licences	32,829	38,496	37,974	38,844	39,040	39,336
Other Revenue	17,320	74,643	15,045	17,246	16,411	16,324
Consolidated Total	288,215	382,084	535,038	300,594	311,047	311,256
EXPENSE						
Ministry Support Services	9,214	8,211	8,425	8,224	8,224	8,224
Municipal Services and Legislation	11,670	9,364	9,980	9,636	9,636	9,636
Municipal Assessments and Grant Administration	28,496	26,696	25,645	27,108	26,273	26,186
Municipal Sustainability Initiative	668,000	663,852	670,773	993,000	927,200	-
Local Government Fiscal Framework	-	-	-	-	-	890,000
Federal Grant Programs	246,316	245,815	486,544	244,029	255,121	255,121
Grants in Place of Taxes	58,662	53,486	44,554	30,197	30,025	30,025
Alberta Community Partnership	18,500	21,371	16,500	16,500	16,500	16,500
Public Safety	17,105	14,550	15,439	14,892	14,942	15,010
Alberta Emergency Management Agency	33,011	115,195	65,214	33,144	33,144	33,144
Quasi-Judicial Boards	7,204	6,503	6,204	6,231	6,231	6,231
Library Services	36,954	38,071	37,070	37,062	37,062	37,062
2016 Wood Buffalo Wildfire	1,063	935	873	-	-	-
Municipal Cannabis Transition Program	-	11,150	-	-	-	-
2019 Northwest Alberta Wildfires	-	-	118,360	-	-	-
Safety Codes Council	10,821	14,713	15,184	15,192	15,255	15,255
Ministry Total	1,147,016	1,229,912	1,520,765	1,435,215	1,379,613	1,342,394
Inter-Ministry Consolidations	-	(218)	-	-	-	-
Consolidated Total	1,147,016	1,229,694	1,520,765	1,435,215	1,379,613	1,342,394
Net Operating Result	(858,801)	(847,610)	(985,727)	(1,134,621)	(1,068,566)	(1,031,138)
CAPITAL INVESTMENT						
Municipal Assessments and Grant Administration	3,000	213	1,787	7,413	2,000	2,200
Public Safety	911	1,209	-	-	-	-
Alberta Emergency Management Agency	2,000	1,512	2,317	800	-	-
Safety Codes Council	1,318	2,336	305	625	1,000	1,000
Consolidated Total	7,229	5,270	4,409	8,838	3,000	3,200

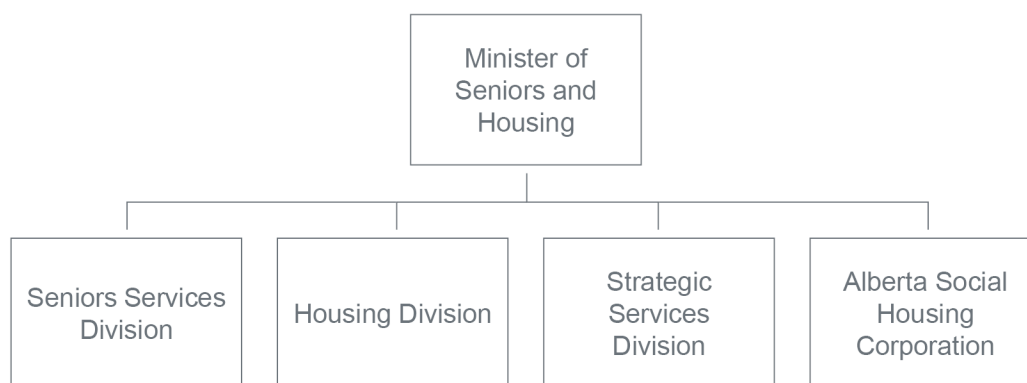
# Seniors and Housing

## Business Plan 2019–23

### Ministry Mandate and Structure

The ministry consists of the Department of Seniors and Housing and the Alberta Social Housing Corporation.

The ministry promotes the well-being and quality of life of Alberta seniors and those in need of affordable housing. It develops and delivers programs and services that assist seniors and promote safety and well-being for Alberta's aging population. The ministry fosters the development of affordable housing and supports access to housing options for Albertans most in need. To achieve these outcomes, the ministry works with seniors, Albertans who require housing supports, and others in the network of support: families and caregivers, communities, senior-serving organizations, housing management bodies, housing providers, and other government partners.



A more detailed description of Seniors and Housing and its programs and initiatives can be found at: <https://www.alberta.ca/ministry-seniors-housing.aspx>.

### Ministry Outcomes

- Make life better for Alberta seniors and their caregivers
- Make housing affordable and accessible for Albertans



# Outcome 1

## What We Want To Achieve

### Make life better for Alberta seniors and their caregivers

The ministry prioritizes the well-being of seniors and the ability to age in their chosen communities. Alberta's 615,000 seniors are supported by the ministry through the delivery of high-quality programs and supports. Seniors' benefits will be maintained to help provide financial stability for seniors with low income to meet basic needs. Other initiatives focus on creating innovative community options through civil society partnerships in the priority areas of addressing ageism, elder abuse prevention, transportation, social inclusion, and engagement of diverse populations. Policies and programs will continue to be developed in response to an aging population as the number of Alberta seniors will nearly double by 2035.

### Key Objectives

- 1.1 Provide individual and community-based programs and services that support seniors to participate in their communities, and for their communities to support seniors' independence.
- 1.2 Identify opportunities for red tape reduction and cost effectiveness across senior service programs and within seniors' financial assistance programs.
- 1.3 Explore approaches to respond to needs of the diverse population of seniors, such as Indigenous, immigrant, refugee and newcomer, and LGBTQ2S+ seniors.
- 1.4 Explore innovative approaches to partner with civil society organizations to improve cross-sector collaboration in the planning and delivery of programs and services.
- 1.5 Support the needs of diverse populations of seniors who reside and contribute to the province by implementing initiatives to address ageism, elder abuse, social inclusion, transportation, caregiver supports, and aging in communities.

### Initiatives Supporting Key Objectives

- Alberta Seniors Benefit (ASB) provides financial support to more than 160,000 eligible seniors to assist with monthly living expenses. This benefit, costing \$309.9 million in 2019-20, is intended to supplement the Government of Canada's Old Age Security and Guaranteed Income Supplement programs.
- The Supplementary Accommodation Benefit (SAB), costing \$88.2 million in 2019-20, ensures seniors with low income residing in long-term care or designated supportive living have \$322 disposable income each month after paying care facility accommodation charges.
- Special Needs Assistance for Seniors (SNA), costing \$26.3 million in 2019-20, provides more than 30,000 seniors with low income with financial assistance for a range of health and personal supports.
- In 2019-20, \$11.5 million (loans) and \$1.0 million (grants) is allocated to the Seniors Home Adaptation and Repair Program (SHARP) to help eligible seniors to finance home repairs and adaptations through a low-interest home equity loan. A grant component to assist with basic and essential home repairs is available to seniors with low income who are not eligible for a loan.
- In 2019-20, \$8.2 million (loans) is allocated for Seniors Property Tax Deferral Program (SPTDP), which allows seniors to defer all or part of their property taxes through a low-interest home equity loan. The program frees up money for other expenses and helps seniors maintain independence in their homes and communities.
- In 2019-20, \$900,000 is allocated for strategic investments to address the needs of a growing seniors population by funding research, innovation projects, and other initiatives that focus on priority issues such as caregivers, age friendly communities, and transportation. This allocation also supports the implementation of 28

community grants addressing the diverse needs of seniors across the province. Grant streams are focused on addressing elder abuse, social inclusion and diverse populations, aging in community, and ageism.

## Performance Metrics

### 1.a Performance Indicator: Seniors' income relative to population

Alberta's seniors were at 75.3 per cent of Alberta's median income in 2017, compared to Canada's seniors at 78.5 per cent of Canada's median income. However, as Alberta's median income is higher than Canada's, Alberta seniors continue to have higher income than seniors do in other provinces. Seniors' median income increased by 9 per cent between 2014 and 2017, while other Albertans' median income decreased by 1 per cent.

This indicator provides a comparison for seniors' median income in Alberta and the income of all Albertans, and provides similar comparative analysis for all Canadian seniors and the general population.

Median income is the amount that divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount.

### 1.b Performance Indicator: Sense of Belonging

The sense of belonging indicator is a proxy for social inclusion and community connectedness, and ties directly to the ministry's work related to social isolation, age-friendly communities, ageism, and aging in community.

In 2018, 74 per cent of Alberta seniors reported a sense of belonging to local community (somewhat strong or very strong). In 2016, 77 per cent of Alberta seniors and in 2017, 77 per cent of Alberta seniors reported a sense of belonging to local community (somewhat strong or very strong).

### 1.c Performance Measure: Alberta Seniors Benefit

In 2018-19, 77 per cent of Alberta Seniors Benefit (ASB) recipients reported that the ASB assisted them in meeting their basic needs. Data for this measure is collected every two years.

#### TARGETS

2019-20:	N/A
2020-21:	80%
2021-22:	N/A
2022-23:	80%

### 1.d Performance Measure: Special Needs Assistance

In 2018-19, 91 per cent of Special Needs Assistance (SNA) recipients reported that the SNA assisted them in meeting their individualized needs. Data for this measure is collected every two years.

#### TARGETS

2019-20:	90%
2020-21:	N/A
2021-22:	90%
2022-23:	N/A

### 1.e Performance Measure: Seniors Loan Programs

In 2018-19, 91 per cent and 89 per cent of Seniors Home Adaptation and Repair Program (SHARP) and Seniors Property Tax Deferral (SPTD) loan recipients, respectively, reported the program helped them remain in their home longer. Data for this measure is collected every two years.

#### TARGETS

	SHARP	SPTD
2019-20:	N/A	90%
2020-21:	90%	N/A
2021-22:	N/A	90%
2022-23:	90%	N/A

## Outcome 2

### What We Want To Achieve

#### Make housing affordable and accessible for Albertans

The ministry is working with housing providers to build, renew, and maintain affordable housing for the approximately 65,000 affordable housing units that serve over 110,000 Albertans, including seniors in need of specialized housing. The ministry is also working to expand the use of mixed-income housing and explore the use of public-private partnerships (P3s). The provision of affordable housing initiatives could not be possible without the ministry's partnership with numerous civil society organizations, housing management bodies, and other orders of government.

#### Key Objectives

- 2.1 Develop new capital programs that require partnership between the orders of government, community operators, and private sector to deliver new mixed-income affordable housing.
- 2.2 Review with community operators the best use of properties owned by the Alberta Social Housing Corporation for redevelopment, maintenance, and disposition.
- 2.3 Partner with community operators to redevelop the social housing portfolio with a mixed-income portfolio.
- 2.4 Maximize federal funding for Alberta under the National Housing Strategy to support housing affordability for Albertans, and protect and redevelop Alberta's affordable housing portfolio.
- 2.5 Through the Military Liaison, develop, promote, and sustain government's relationship with the Canadian Armed Forces. Help veterans and their families integrate into civilian life following their term of military service, ensure the ongoing maintenance and development of the Government of Alberta Military Families Web Portal, and provide seamless access to provincial services, including housing supports.

#### Initiatives Supporting Key Objectives

- In 2019-20, \$50.1 million is allocated to Family Community Housing, which provides 10,800 subsidized rental-housing units for families with low income, seniors, and individuals who cannot afford other housing options due to circumstance.
- In 2019-20, \$49.3 million is allocated for Seniors Community Housing. The Seniors Lodge program provides 10,250 units with meals, services, and recreational opportunities for independent seniors. The Seniors

Self-Contained Housing program provides 14,250 apartment-style units for seniors who are able to live independently with or without assistance of community-based services.

- Rental Assistance provides 11,200 private landlord and direct to tenant rent supplements to help households find affordable rental accommodation in eligible rental projects. This will cost \$67.5 million in 2019-20.
- Special Needs Housing provides 2,225 units for individuals who have special housing needs, such as seniors, people with physical disabilities, and victims of violence. In 2019-20, this will cost \$15.5 million.
- The Government of Alberta will support the affordable housing portfolio through Capital Maintenance and Renewal (\$39.8 million in 2019-20) to ensure a stable supply of affordable housing across the province, as well as through Capital Development (\$111.2 million in 2019-20) initiatives to increase the supply of affordable housing.

## Performance Metrics

### 2.a Performance Measure: Housing Facilities – Physical Condition

An integral component of providing affordable housing is providing adequate housing (i.e., housing that is in good or fair condition and not in need of any major repairs such as defective plumbing or electrical systems and structural repairs to walls, floors, and ceilings). To ensure that units in the housing portfolio provide appropriate shelter for residents, Alberta Infrastructure leads the evaluation of each of these units every five years using international facility condition standards. By tracking and reporting physical condition using the Facility Condition Index, the ministry monitors the condition of the housing portfolio and directs resources to maintain and improve units to ensure the availability of appropriate housing.

In 2018-19, 23 per cent of housing facilities were in 'good' condition, 71 per cent in 'fair' condition and 6 per cent in 'poor' condition.

#### TARGETS

	Percentage in good condition	Percentage in fair condition	Percentage in poor condition
2019-20:	24%	71%	5%
2020-21:	24%	71%	5%
2021-22:	24%	71%	5%
2022-23:	25%	71%	4%

### 2.b Performance Measure: Number of new and regenerated units

The provision and maintenance of affordable housing are priorities for the ministry. This measure helps to report on the ability of the ministry to build and regenerate units for Albertans in need of affordable housing.

In 2018-19, 790 new and regenerated units were completed.

#### TARGETS

2019-20:	700 units
2020-21:	700 units
2021-22:	1000 units
2022-23:	300 units

## 2.c Performance Indicator: Core housing need

Core housing need data for 2016 was obtained directly from Canada Mortgage and Housing Corporation.

	2001	2006	2011	2016
Alberta households in core housing need	10.5%	10.1%	10.7%	11.4%
Rental households in core housing need	23.1%	22.8%	23.2%	24.7%
Senior-led rental households in core housing need	33.5%	37.4%	41.9%	45.3%
Lone-parent family rental households in core housing need	42.4%	39.6%	41.2%	42.3%
Aboriginal rental households in core housing need	31.1%	28.1%	31.5%	30.3%

## STATEMENT OF OPERATIONS

(thousands of dollars)

(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Other Transfers from Government of Canada	112,164	91,078	110,230	103,248	102,619	103,430
Investment Income	3,492	9,414	9,156	6,732	5,474	4,914
Other Revenue	10,627	22,503	11,744	11,264	10,764	10,264
Internal Government Transfers	-	8,066	4,700	4,500	1,200	-
Ministry Total	126,283	131,061	135,830	125,744	120,057	118,608
Inter-Ministry Consolidations	-	(8,066)	(4,700)	(4,500)	(1,200)	-
Consolidated Total	126,283	122,995	131,130	121,244	118,857	118,608
EXPENSE						
Ministry Support Services	5,375	5,600	5,319	5,150	4,983	4,983
Seniors Services	34,583	34,148	35,477	35,140	35,795	36,486
Alberta Seniors Benefit	371,142	389,908	403,422	416,748	428,319	436,895
Housing	11,773	12,183	11,573	11,073	10,407	10,407
Alberta Social Housing Corporation	261,302	289,391	253,695	247,800	233,070	222,447
Ministry Total	684,175	731,230	709,486	715,911	712,574	711,218
Inter-Ministry Consolidations	-	(332)	(300)	(300)	(300)	(300)
Consolidated Total	684,175	730,898	709,186	715,611	712,274	710,918
Net Operating Result	(557,892)	(607,903)	(578,056)	(594,367)	(593,417)	(592,310)
CAPITAL INVESTMENT						
Ministry Support Services	-	-	25	25	25	25
Alberta Social Housing Corporation	235,140	114,421	126,111	178,526	115,882	72,727
Ministry Total	235,140	114,421	126,136	178,551	115,907	72,752
Inter-Ministry Consolidations	-	(1,490)	-	-	-	-
Consolidated Total	235,140	112,931	126,136	178,551	115,907	72,752



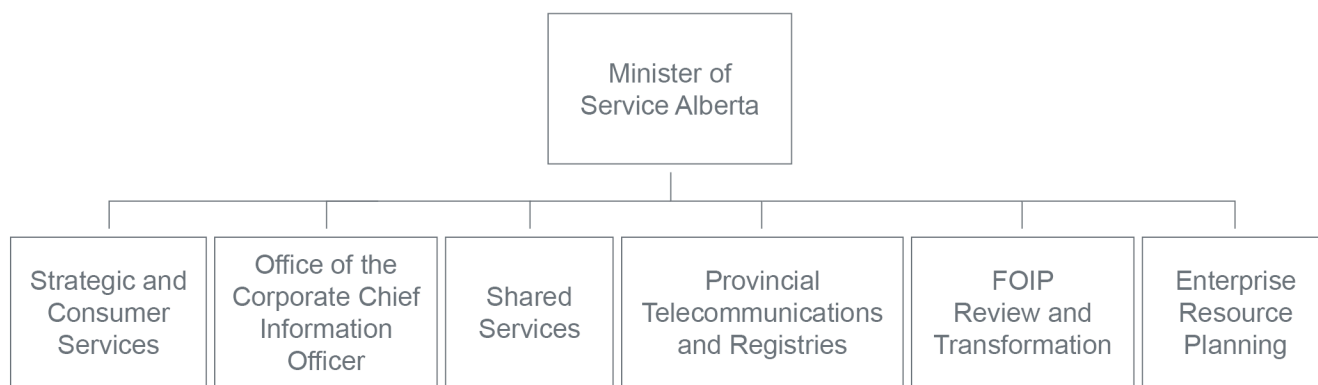
# Service Alberta

## Business Plan 2019–23

### Ministry Mandate and Structure

Service Alberta has a strategic role within government to drive innovation and foster efficient delivery of government programs, services and information, while reducing unnecessary regulatory burden on Albertans. The ministry is also supporting Alberta’s economic recovery by ensuring the marketplace is competitive and fair, and that consumers are protected. The ministry’s focus is:

- protecting consumers in an increasingly complex and changing economic and social environment;
- optimizing the current programs and services to meet existing needs;
- modernizing the delivery of current programs and services to meet emerging needs; and
- developing breakthroughs and innovations that will prepare the government to meet future needs.



A more detailed description of Service Alberta and its programs and initiatives can be found at: [www.servicealberta.ca](http://www.servicealberta.ca).

### Ministry Outcomes

- Consumers are protected
- Government is transparent and information is secure
- Government is modernized
- Service delivery is improved



# Outcome 1

## What We Want To Achieve

### Consumers are protected

Service Alberta establishes a clear set of legislative and regulatory frameworks to ensure an open, secure and fair marketplace. Education and awareness activities are delivered to inform and empower consumers and businesses to participate with confidence in the marketplace. Inspections and investigations occur to ensure consumers are protected and that businesses are able to compete on a level playing field.

### Key Objectives

- 1.1 Improve consumer protections and outreach activities to educate Albertans.
- 1.2 Ensure legislation and regulatory frameworks enable consumers and businesses to operate in an efficient, fair and openly competitive marketplace.
- 1.3 Balance effective industry regulation and protection of consumer interests while enhancing governance and reducing unnecessary red tape.
- 1.4 Use modern technologies and approaches to distribute important consumer information directly to Albertans.
- 1.5 Improve access to timely and efficient consumer dispute resolutions.

### Initiatives Supporting Key Objectives

- In 2019-20, \$450,000 is allocated to review the *Real Estate Act* to ensure the Real Estate Council of Alberta is a well-governed and trusted organization with the capacity to deliver important functions, duties and powers while protecting consumers.
- To conduct a comprehensive analysis of the Condominium Property Regulation, for opportunities to reduce red tape, while promoting an efficient, fair and open marketplace, \$300,000 is allocated in 2019-20.

## Performance Metrics

### 1.a Performance Measure: Number of new or expanded consumer protection initiatives advanced

In 2018-19, 8 new or expanded consumer protection initiatives were advanced.

#### TARGETS

2019-20:	15
2020-21:	12
2021-22:	12
2022-23:	12

### 1.b Performance Measure: Number of instances where consumers access educational initiatives such as website and social media hits, and in-person awareness sessions (millions)

In 2018-19, consumer education and awareness initiatives had a reach of 2.50 million.

## TARGETS

2019-20:	2.50
2020-21:	2.75
2021-22:	3.00
2022-23:	3.10

## Outcome 2

### What We Want To Achieve

#### Government is transparent and information is secure

Citizens are becoming greater consumers of information, resulting in the need for government to achieve a balance between openness, transparency and privacy. The ministry is positioned to deliver information that is more open, accessible and usable through advancements in technology. Furthermore, the ministry administers the *Freedom of Information and Protection of Privacy Act* (FOIP) which enables government transparency while enhancing privacy protection for Albertans' personal information.

#### Key Objectives

- 2.1 Enhance government transparency and protection of personal information.
- 2.2 Improve information management, governance and accountability to increase compliance, consistency and efficiency.
- 2.3 Ensure the confidentiality, integrity, appropriate classification and availability of Albertans' information.
- 2.4 Improve the way government shares and receives information with and from Albertans.
- 2.5 Enhance the availability and usability of information on the Alberta Open Government Portal.

#### Initiatives Supporting Key Objectives

- In 2019-20, \$2.1 million is allocated to purchase a new case management system for FOIP to meet the current and future needs of the business and provide opportunities for improvement through enhanced case management, reporting, and redaction functionality.

## Performance Metrics

### 2.a Performance Measure: Percentage of FOIP requests completed by government public bodies within 60 days or less

In 2018-19, 88 per cent of FOIP requests were completed within 60 days.

## TARGETS

2019-20:	95+%
2020-21:	95+%
2021-22:	95+%
2022-23:	95+%

### 2.b Performance Measure: Percentage of FOIP requests handled without complaint to the Information and Privacy Commissioner

Due to the timing of data availability, 2018-19 results are not yet available. These results will be reported in future Business Plans and Annual Reports.

#### TARGETS

2019-20:	95+%
2020-21:	95+%
2021-22:	95+%
2022-23:	95+%

#### 2.c Performance Measure: Total number of visits to the Open Government Portal

In 2018-19, there were 1,944,311 visits to the Open Government Portal.

#### TARGETS

2019-20:	2,138,742
2020-21:	2,285,454
2021-22:	2,448,645
2022-23:	2,620,051

#### 2.d Performance Indicator: External malicious attacks prevented by information security controls

In 2018-19, 5,338 malware infections were prevented by security controls, and 92 per cent of the 347 million emails received were blocked due to detected malicious content.

## Outcome 3

### What We Want To Achieve

#### Government is modernized

Service Alberta works with ministry partners to modernize business processes and to introduce technology that will increase government productivity, efficiency and effectiveness. Using consistent policies and standards, and by leveraging resources as a single enterprise, Service Alberta delivers prudent fiscal management and improved program delivery. Service Alberta aims to reduce processing and service delivery timelines, and to work towards balancing legislative changes and modernizing services.

#### Key Objectives

- 3.1 Engage in pilot projects to test global best practices that can help deliver services faster, more securely and at a lower cost.
- 3.2 Lead and support transformation initiatives to enable the shift to a one-government approach for corporate service delivery across the Government of Alberta.
- 3.3 Improve the governance and implementation of the government's technology infrastructure and business applications to realize efficiencies through innovation.
- 3.4 Adopt innovative practices in how government procures while promoting fair treatment of Alberta businesses and workers.

## Initiatives Supporting Key Objectives

- Implement the government's enterprise resource planning system, 1GX (one government eXperience), to replace aged and redundant systems, enhance system functionality and help drive innovation, efficiency and effectiveness throughout government. In 2019-20, this will cost \$79.6 million.
- Apply a One-Government approach to Information Management and Technology (IMT) that will adopt practices that enable opportunities for businesses in Alberta and Canada, centralize IMT procurement and vendor management, and implement innovative and consistent approaches that reduce timeframes and costs. This will cost \$1.5 million in 2019-20.
- In 2019-20, \$885,000 is allocated to implement the Multi-Jurisdictional Registry Access System (MRAS) that will replace the current manual extra-provincial registration for corporations in British Columbia, Alberta, Saskatchewan, Manitoba and Corporations Canada with a new web-based online service.

## Performance Metrics

### 3.a Performance Measure: Percentage of invoices paid electronically

In 2018-19, 1,096,395 out of 1,291,405 invoices were paid electronically for a rate of 85 per cent.

#### TARGETS

2019-20:	85%
2020-21:	88%
2021-22:	90%
2022-23:	92%

### 3.b Performance Measure: Percentage of internal clients satisfied with services received from Service Alberta

Due to the timing of data availability, 2018-19 results are not yet available. These results will be reported in future Business Plans and Annual Reports.

#### TARGETS

2019-20:	80%
2020-21:	82%
2021-22:	84%
2022-23:	86%

## Outcome 4

### What We Want To Achieve

#### Service delivery is improved

Service Alberta expects to provide Albertans with greater ease and flexibility in how they access government information and services by establishing single points of online access to information and services available anytime, anywhere. Delivering more services online and incorporating modern technologies will also provide improved efficiencies and effectiveness in service delivery. Taking steps to support the expansion of high-speed broadband across the province will ensure that all Albertans can take advantage of online services.

## Key Objectives

- 4.1 Expand and enhance delivery of government services.
- 4.2 Improve Albertans' access to registry services and land titles.
- 4.3 Develop a strategy to support widespread access to high-speed broadband and realize the opportunities for innovation and efficiency inherent in digital service delivery.
- 4.4 Develop innovative solutions to increase the delivery of cost-effective services.
- 4.5 Reduce regulatory burden for Albertans and businesses.

## Initiatives Supporting Key Objectives

- In 2019-20, \$1.1 million is allocated to continue to partner with departments to expand and enhance online delivery of services through MyAlberta eServices and MyAlberta Digital ID, and build out new features and functions in support of registry services modernization.

## Performance Metrics

### 4.a Performance Measure: Number of Albertans with MyAlberta Digital Identity Accounts

In 2018-19, 216,480 Albertans adopted MyAlberta Digital Identity Accounts.

#### TARGETS

2019-20:	750,000
2020-21:	900,000
2021-22:	1,050,000
2022-23:	1,200,000

### 4.b Performance Measure: Number of services available through MyAlberta eServices

In 2018-19, 78 services were available through MyAlberta eServices.

#### TARGETS

2019-20:	90
2020-21:	100
2021-22:	110
2022-23:	120

### 4.c Performance Measure: Number of transactions completed through MyAlberta eServices

In 2018-19, 799,191 services were completed through MyAlberta eServices.

#### TARGETS

2019-20:	850,000
2020-21:	900,000
2021-22:	950,000
2022-23:	1,000,000

**4.d Performance Measure: Call Center service index (based on courteousness, knowledge, effort, wait time and ease of access) related to Registries; Consumers; Health; and 310-0000**

In 2018-19, the call center service index was:

- Registries: 89%
- Consumers: 87%
- Health: 83%
- 310-0000: the survey was not performed, as the ministry is working to implement enhancements to the survey methodology for this specific line of business. A new method is expected to be in place shortly and results will be available in future Business Plans and Annual Reports.

**TARGETS**

2019-20:	90+%
2020-21:	90+%
2021-22:	90+%
2022-23:	90+%

## STATEMENT OF OPERATIONS

(thousands of dollars)

(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Motor Vehicles	512,580	519,652	526,424	545,715	549,260	554,475
Land Titles	73,565	69,776	69,155	84,475	85,529	86,854
Other Premiums, Fees and Licences	50,427	49,356	49,744	50,440	51,386	52,403
Utilities Consumer Advocate	9,034	6,474	8,131	7,321	7,248	7,104
Other Revenue	83,447	75,465	88,056	82,899	82,899	82,899
Ministry Total	729,053	720,723	741,510	770,850	776,322	783,735
Inter-Ministry Consolidations	(69,500)	(52,706)	(69,500)	(69,500)	(69,500)	(69,500)
Consolidated Total	659,553	668,017	672,010	701,350	706,822	714,235
EXPENSE						
Ministry Support Services	8,250	9,631	9,474	9,425	9,424	9,423
Land Titles	11,775	18,038	11,005	11,000	10,995	10,990
Motor Vehicles	17,226	13,158	13,165	13,160	13,155	13,150
Other Registry Services	10,685	10,844	10,665	10,660	10,655	10,650
Freedom of Information and Protection of Privacy	12,246	11,737	12,465	12,465	12,460	12,455
Consumer Awareness and Advocacy	22,125	23,041	21,510	21,505	21,500	21,495
Utilities Consumer Advocate	9,034	6,476	8,131	7,321	7,248	7,104
Enterprise and Shared Services	635,760	607,008	597,816	543,962	529,045	520,008
Alberta First Responders Radio Communications System	60,557	44,863	60,557	60,557	60,557	60,557
Ministry Total	787,658	744,796	744,788	690,055	675,039	665,832
Inter-Ministry Consolidations	(69,500)	(56,903)	(69,500)	(69,500)	(69,500)	(69,500)
Consolidated Total	718,158	687,893	675,288	620,555	605,539	596,332
Net Operating Result	(58,605)	(19,876)	(3,278)	80,795	101,283	117,903
CAPITAL INVESTMENT						
Land Titles	-	18	-	-	-	-
Motor Vehicles	-	85	-	-	-	-
Consumer Awareness and Advocacy	-	535	-	-	-	-
Enterprise and Shared Services	106,142	100,295	95,392	88,742	93,771	93,777
Alberta First Responders Radio Communications System	6,598	4,895	9,328	2,300	2,300	2,300
Ministry Total	112,740	105,828	104,720	91,042	96,071	96,077
Consolidated Total	112,740	105,828	104,720	91,042	96,071	96,077

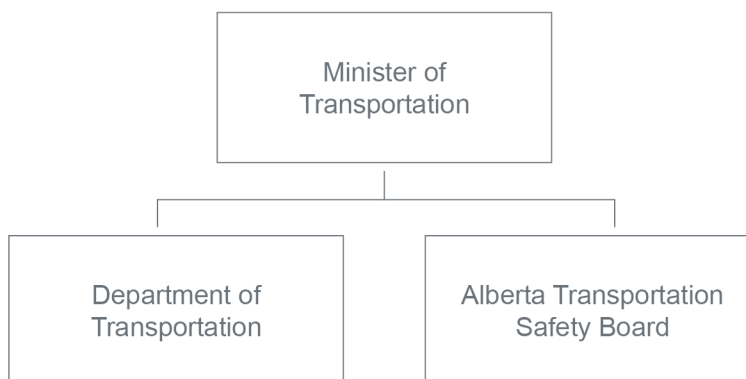
# Transportation

## Business Plan 2019–23

### Ministry Mandate and Structure

The ministry consists of the Department of Transportation and the Alberta Transportation Safety Board.

The ministry supports the province's economic, social and environmental vitality by developing and preserving a safe, efficient and affordable multi-modal transportation system. The system enables economic growth and supports market access while promoting connected communities and enhancing Albertans' quality of life. Transportation undertakes key activities to effectively maintain and expand the provincial highway network, support critical water infrastructure and implement strategies to promote safe travel for all road users.



A more detailed description of Transportation and its programs and initiatives can be found at:

[www.transportation.alberta.ca](http://www.transportation.alberta.ca)

### Ministry Outcomes

- Competitiveness, Market Access and Economic Growth: Alberta has a safe and efficient multi-modal transportation system that supports the economy
- Long-term Sustainability and Affordability: Alberta can afford to maintain its existing transportation assets and invest in new strategic infrastructure
- Connected and Active Communities: Albertans have inclusive and accessible transportation options in and between communities
- Safety and Security: Transportation safety and security is enhanced through educational, regulatory, technological and infrastructure improvements
- Innovation and Technology Integration: Alberta's transportation system adapts to new innovations and technologies
- Environmental Stewardship: Alberta has a transportation system that is managed in an environmentally responsible and sustainable manner



# Outcome 1

## What We Want To Achieve

### **Competitiveness, Market Access and Economic Growth: Alberta has a safe and efficient multi-modal transportation system that supports the economy**

All users have access to a transportation system through a variety of transportation modes to safely transport products and people, from origin to destination, within Alberta, across Canada and around the world.

#### **Key Objectives**

- 1.1 Implement transportation initiatives that promote economic growth in Alberta, and support opportunities in multiple sectors.
- 1.2 Enhance access and mobility for transportation users, and support routes connecting major and high-load corridors and hubs.
- 1.3 Streamline and reduce red tape to promote harmonized standards and regulations with jurisdictional partners and clearly communicate objectives to relevant industry, including enhancements to commercial carrier safety regulations and federal transportation legislation.
- 1.4 Support sustainable municipal road and bridge infrastructure that contributes to resilient local economies in rural and smaller urban communities.

#### **Initiatives Supporting Key Objectives**

- In 2019-20, \$487.9 million is allocated for the construction of the Calgary Ring Road and widening of southwest Anthony Henday Drive in Edmonton.
- An investment of \$151.4 million in 2019-20 in new and expansion of provincial highways will support economic growth and resilient local economies.
- In 2019-20, \$22.3 million is budgeted for the Strategic Transportation Infrastructure Program (STIP), which provides financial assistance to smaller municipalities for developing and maintaining key transportation infrastructure that promotes economic growth, improves mobility and invests in construction and rehabilitation of important local transportation infrastructure.

## Performance Metrics

### **1.a Performance Measure: Ring roads in Calgary and Edmonton: Percentage of combined ring road kilometres open to travel**

At the end of 2018-19, 84 per cent of combined ring road kilometres were open to travel.

#### **TARGETS**

2019-20:	84.0%
2020-21:	89.4%
2021-22:	95.0%
2022-23:	100.0%

**1.b Performance Indicator: Alberta's exports by mode of transportation (\$ millions)**

	2014	2015	2016	2017	2018
Intermodal (rail and marine)	27,334	24,155	22,242	27,351	33,930
Road	8,977	8,140	7,141	8,110	9,472
Air	1,887	1,784	1,442	1,694	1,891
Total exports by mode	38,198	34,079	30,825	37,155	45,293

**1.c Performance Indicator: Number of commercial vehicle permits issued annually through the Transportation Routing and Vehicle Information Multi-Jurisdictional System**

	2014-15	2015-16	2016-17	2017-18	2018-19
Licensing	35,223	30,753	31,094	32,888	32,998
Overweight	134,908	106,992	108,224	115,104	119,483
Oversize	32,732	28,415	26,742	27,657	28,956

## Outcome 2

**What We Want To Achieve****Long-term Sustainability and Affordability: Alberta can afford to maintain its existing transportation assets and invest in new strategic infrastructure**

Transportation uses asset management principles to make investment decisions on enhancing and maintaining Alberta's transportation network.

**Key Objectives**

- 2.1 Implement an asset management approach to support strategic decision-making on new assets and ensure adequate maintenance of existing assets, taking into account life-cycle costs, and economic, safety, environmental and social impacts.
- 2.2 Partner with the federal government to fund transportation infrastructure.
- 2.3 Implement approaches to ensure highway operations and maintenance programs achieve the best value for investment and the most effective results for Albertans.
- 2.4 Implement capital investments that support economic development and social needs of Albertans.

**Initiatives Supporting Key Objectives**

- In 2019-20, \$327.3 million allocated for Provincial Highway Maintenance and Preservation will allow highway pavement to be restored to its original condition at the most cost-effective time to avoid irreparable deterioration.
- In 2019-20, \$387.2 million budgeted for Capital Maintenance Renewal includes:
  - Bridge Construction
  - Highway Rehabilitation
  - Major Maintenance
  - Slide Repair

## Performance Metrics

### 2.a Performance Measure: Physical condition of provincial highway surfaces

At the end of 2018-19 the amount of poor highway surfaces decreased to 15 per cent and the amount of highways in good condition increased to 59.5 per cent.

#### TARGETS

	Good	Fair	Poor
2019-20:	59.0%	26.0%	15.0%
2020-21:	58.0%	26.5%	15.5%
2021-22:	57.0%	27.0%	16.0%
2022-23:	56.5%	27.5%	16.0%

## Outcome 3

### What We Want To Achieve

#### Connected and Active Communities: Albertans have inclusive and accessible transportation options in and between communities

Alberta's public transportation system will provide seamless, integrated connections between transportation modes and communities, including regional, urban, rural and Indigenous communities.

#### Key Objectives

- 3.1 Promote safe, affordable, accessible and environmentally sustainable public transportation options for Albertans.
- 3.2 Work with partners to support innovative, cost-effective transportation options that better connect Albertans to critical services and each other, and support access to modern transportation services in rural and urban communities.

#### Initiatives Supporting Key Objectives

- An investment of \$125.3 million is budgeted for the Green Transit Incentives Program (GreenTRIP) in 2019-20. GreenTRIP provides funding support for local, regional and inter-municipal public transit throughout Alberta.

## Performance Metrics

### 3.a Performance Measure: Transit access in Alberta: Percentage of Albertans that have access to transit service

In 2018-19, 68.7 per cent of Albertans had access to transit service.

#### TARGETS

2019-20:	69.8%
2020-21:	70.9%
2021-22:	71.9%
2022-23:	73.9%

**3.b Performance Indicator: Transit ridership in Alberta (in thousands): Number of passenger trips taken on regularly scheduled service in Alberta's transit system**

	2013	2014	2015	2016	2017
Transit Ridership (in thousands)	205,284	212,630	210,108	199,405	199,546

## Outcome 4

### What We Want To Achieve

**Safety and Security: Transportation safety and security is enhanced through educational, regulatory, technological and infrastructure improvements**

The transportation system is safe and secure, protecting Albertans and working toward zero transportation-related serious injuries and fatalities.

### Key Objectives

- 4.1 Continue to implement transportation safety strategies to prevent transportation-related deaths and serious injuries on Alberta's roads, including those in Indigenous communities.
- 4.2 Review the driver examiner model to ensure high standards for safe, reliable and cost-effective services across Alberta, including improved access.
- 4.3 Continue to provide oversight and monitoring, including mandatory entry-level training for Class 1 and Class 2 driver's licence applicants and pre-entry requirements to support carrier safety, to ensure Alberta's highway network remains one of the safest in the country.
- 4.4 Continue to improve legislation and regulations to align with best practices, to enhance the safety of transportation users, and support federal impaired driving legislation.
- 4.5 Increase resiliency of critical infrastructure, including the Springbank Off-Stream Reservoir and consultation project, to reduce impacts of potential emergencies such as floods.
- 4.6 Continue to work with industry partners to ensure the safe and secure transportation of dangerous goods through communities.

### Initiatives Supporting Key Objectives

- In 2019-20, \$44.7 million is budgeted for Traffic Safety Services, which provides leadership and direction in the development and delivery of transportation safety programs, including implementing traffic safety initiatives and overseeing the 511 Alberta system.
- Investment is allocated at \$121 million for water management infrastructure in 2019-20, which includes Springbank Off-Stream Reservoir consultation and construction.

## Performance Metrics

**4.a Performance Measure: Combined fatal and major injury collision rate per 100,000 population**

The 2018-19 result was 57.4 per 100,000 population.

## TARGETS

2019-20:	58.8
2020-21:	57.3
2021-22:	55.7
2022-23:	54.2

## Outcome 5

### What We Want To Achieve

#### **Innovation and Technology Integration: Alberta's transportation system adapts to new innovations and technologies**

The transportation system is flexible and adaptable to rapidly evolving technologies and systems that will improve transportation safety, sustain the lifetime of transportation infrastructure and provide timely information to Albertans.

#### **Key Objectives**

- 5.1 Continue to enhance the transportation management centre to strategically support improved mobility and efficient use of the transportation network, and provide reliable and timely travel condition information to road users and partners.
- 5.2 Work with partners to investigate and implement innovative technologies and approaches, including new modern urban transportation modes such as e-scooters, automated and connected vehicles and Intelligent Transportation Systems, to promote economic development and support the safety and mobility of travellers.
- 5.3 Investigate and implement innovative technologies, standards and approaches, including Dynamic Message Signs and unmanned aerial vehicles, to reduce costs and promote the long-term affordability and efficiency of the transportation system.
- 5.4 Continue to work with municipalities for full participation in the Transportation Routing and Vehicle Information Multi-Jurisdictional permitting system.

#### **Initiatives Supporting Key Objectives**

- In 2019-20, \$18.5 million will be provided to Assessment and Support Systems. The systems support data collection and inspection activities including the use of innovative approaches and technologies in order to enhance the provincial highway network.
- The Strategic Services program includes resources that provide multi-modal and strategic policy support to work with partners to investigate and enable the use of new approaches and technologies to enhance the transportation system. Investment for this program is budgeted at \$9.4 million in 2019-20.

## Performance Metrics

#### **5.a Performance Measure: Light Emitting Diode (LED) lighting on provincial highways in Alberta: Cumulative number of lights converted to LED technology along provincial highways**

In 2018-19, 6,260 highway lights were converted to LED.

## TARGETS

2019-20:	7,726
2020-21:	14,273
2021-22:	17,973
2022-23:	22,280

## Outcome 6

### What We Want To Achieve

#### **Environmental Stewardship: Alberta has a transportation system that is managed in an environmentally responsible and sustainable manner**

Alberta's transportation system supports economic growth while balancing the need to reduce negative environmental impacts, including identifying barriers and opportunities to reduce passenger and freight-related emissions.

#### **Key Objectives**

- 6.1 Advance clean transportation technologies to support environmental stewardship and economic development.
- 6.2 Investigate opportunities and partnerships to develop and promote public transportation systems through grant funding programs that support more sustainable, energy-efficient forms of transportation.
- 6.3 Work with partners to ensure all Albertans, including Indigenous communities, have reliable access to clean and safe drinking water and water/wastewater treatment systems by providing funding through the Alberta Municipal Water/Wastewater Partnership, Water for Life and the First Nations Water Tie-In Program.
- 6.4 Increase the number of municipalities with capital replacement plans and encourage investigation of new technology for water and wastewater systems to improve efficiency.

#### **Initiatives Supporting Key Objectives**

- In 2019-20, \$152.6 million will be provided in funding under the provincial Water for Life and Alberta Municipal Water/Wastewater programs and the federal Clean Water and Wastewater Fund to support the construction of high priority municipal water supply and treatment, wastewater treatment and disposal projects and initiatives that improve asset management and planning for future upgrades in communities across Alberta.
- First Nations Water Tie-In Program provides First Nation communities with reliable access to safe drinking-water in order to reduce or eliminate boil water advisories and to provide reliable wastewater management systems to improve human and environmental health. This program is allocated \$18.4 million in 2019-20.

## Performance Metrics

#### **6.a Performance Measure: Greenhouse gas emissions (tonnes of CO<sub>2</sub>e) reduced annually with support from green transportation initiatives**

2,808 tonnes of CO<sub>2</sub>e were reduced annually by the end of 2018-19.

## TARGETS

2019-20:	3,466
2020-21:	6,403
2021-22:	8,063
2022-23:	9,995

## STATEMENT OF OPERATIONS

(thousands of dollars)

(thousands of dollars)	Comparable		2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
REVENUE						
Public Transit Infrastructure Fund	136,480	67,365	138,138	34,729	-	-
Clean Water Wastewater Fund	59,010	46,577	76,932	19,657	-	-
Investing in Canada Infrastructure Program	-	-	151,445	197,076	464,748	519,793
Other Transfers from Government of Canada	27,544	24,511	30,833	33,395	36,760	38,097
Premiums, Fees and Licences	33,900	31,856	46,030	37,215	30,291	30,291
Refunds of Expense	1,475	1,322	2,575	2,575	2,575	2,575
Other Revenue	16,312	24,737	22,513	21,699	21,991	22,053
Ministry Total	274,721	196,368	468,466	346,346	556,365	612,809
Inter-Ministry Consolidations	-	(58)	-	-	-	-
Consolidated Total	274,721	196,310	468,466	346,346	556,365	612,809
EXPENSE						
Ministry Support Services	13,733	13,950	11,054	10,100	10,222	10,222
Program Services and Support	28,080	25,799	24,833	22,606	22,434	22,434
Traffic Safety Services	35,766	36,214	45,737	32,096	24,839	24,839
Alberta Transportation Safety Board	2,226	1,559	1,989	1,889	1,889	1,889
Provincial Highway Maintenance and Preservation	1,009,563	1,016,724	1,011,710	1,019,309	1,066,685	1,064,790
Municipal Transit and Transportation Grant Programs	298,979	231,944	147,611	74,778	51,210	89,150
Municipal Water Infrastructure Grant Programs	153,600	145,561	94,039	86,700	84,200	81,600
Federal Grant Programs	195,490	113,942	366,315	251,262	464,548	519,593
Water Management Projects	88,218	28,695	32,284	29,132	29,132	29,132
2013 Alberta Flooding	34,157	86,555	-	-	-	-
Ring Roads - Debt Servicing	92,131	92,131	90,149	94,540	102,668	103,447
Ministry Total	1,951,943	1,793,074	1,825,721	1,622,412	1,857,827	1,947,096
Inter-Ministry Consolidations	(123,080)	(117,284)	(32,284)	(29,132)	(29,132)	(29,132)
Consolidated Total	1,828,863	1,675,790	1,793,437	1,593,280	1,828,695	1,917,964
Net Operating Result	(1,554,142)	(1,479,480)	(1,324,971)	(1,246,934)	(1,272,330)	(1,305,155)
CAPITAL INVESTMENT						
Ministry Support Services	355	2,855	687	687	687	687
Ring Roads	396,086	364,129	487,884	586,651	462,933	335,200
Northeast Alberta Strategic Projects	3,400	8,776	-	5,000	21,600	22,500
Provincial Highway Construction Projects	248,535	338,407	156,384	174,660	223,522	276,153
Bridge Construction Projects	60,000	54,257	60,000	65,000	65,000	65,000
Provincial Highway Rehabilitation	359,670	402,649	336,365	312,464	312,506	312,506
Water Management Projects	159,000	65,455	121,000	208,000	125,879	30,000
2013 Alberta Flooding	-	10,372	-	-	-	-
Consolidated Total	1,227,046	1,246,900	1,162,320	1,352,462	1,212,127	1,042,046

# Treasury Board and Finance

## Business Plan 2019–23

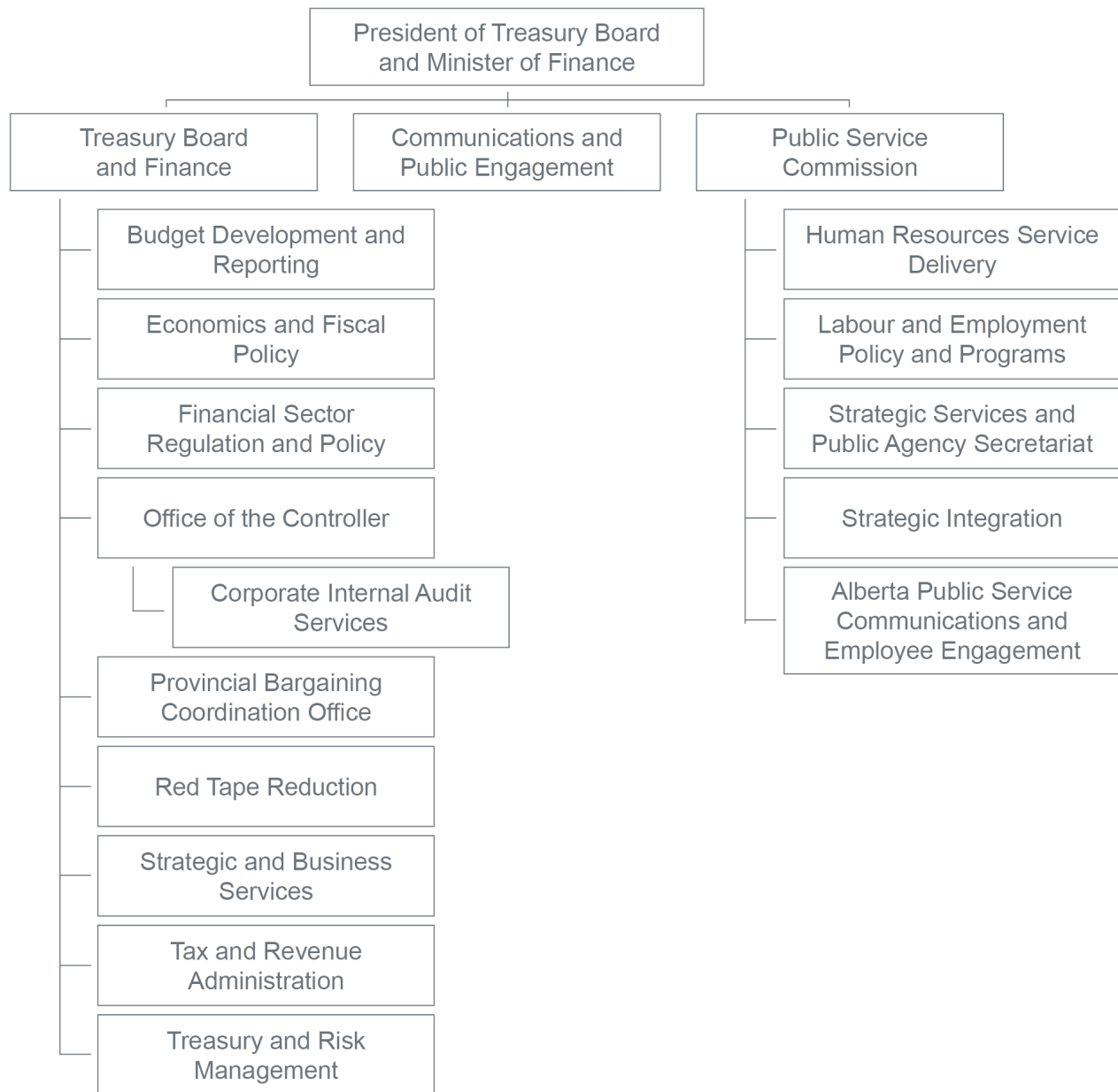
### Ministry Mandate and Structure

The Ministry of Treasury Board and Finance (TBF) is responsible for budget planning, financial management and economic analysis, as well as the administration of tax and revenue programs. TBF provides policy and regulatory oversight for Alberta's liquor, gaming, cannabis, financial, securities, insurance and pensions sectors. Through the Public Service Commission, TBF ensures Alberta has a professional and non-partisan public service that serves Albertans. The ministry is also responsible for providing government communications, public relations and marketing services through Communications and Public Engagement.

TBF is committed to maintaining fiscal discipline and controlling spending to meet the government's commitment to balance the provincial budget, and working closely with ministries to deliver on the commitments the government has made to Albertans, including:

- Introducing Bill 1: The Carbon Tax Repeal Act; Delivering Job Creation Tax Cut;
- Formalizing a spending review process to eliminate waste, duplication and non-essential spending;
- Reducing unnecessary red tape by one-third to reduce costs, speed up approvals and make life better for Albertans;
- Appointing an independent MacKinnon Panel of experts to review Alberta's finances and provide recommendations to bring the budget back to balance;
- Continual improvement of transparency and accountability in the financial planning and reporting processes;
- Taking necessary steps to balance the province's budget by 2022-23; and
- Becoming the most tax-competitive jurisdiction for businesses in Canada and among the most attractive investment destinations in North America.





A more detailed description of Treasury Board and Finance and its programs and initiatives can be found at: [www.alberta.ca/treasury-board-and-finance.aspx](http://www.alberta.ca/treasury-board-and-finance.aspx).

## Ministry Outcomes

- A strong and resilient financial foundation that supports sustainable government services and demonstrates excellence in accountability and transparency
- Policy and regulatory oversight for the liquor, gaming, cannabis, financial, securities, insurance and pensions sectors that is effective, fair and in the interests of Albertans
- An efficient and effective public service working for Albertans
- Effective, efficient communication of government priorities and initiatives

## Outcome 1

### What We Want To Achieve

#### **A strong and resilient financial foundation that supports sustainable government services and demonstrates excellence in accountability and transparency**

The ministry acts as government's chief economic and fiscal advisor, leveraging its expertise to provide critical information, analysis and advice to support economic development, provide leadership in developing fiscal policies, managing financial system and administering tax and revenue.

#### **Key Objectives**

- 1.1 Monitor the fairness, competitiveness, economic efficiency, and revenue stability of Alberta's tax system, and provide tax policy advice and administrative support to the government.
- 1.2 Lead government's budgeting and financial planning, including the annual spending review to find savings and ensure that initiatives are aligned with government priorities.
- 1.3 Implement a rigorous capital spending framework to ensure predictable and sustainable funding, promote greater transparency, and mitigate risks.
- 1.4 Undertake program reviews of departments, agencies, boards and commissions to assess opportunities to enhance effectiveness and efficiency, and eliminate overlap and duplication.
- 1.5 Modernize policies, processes and structures to improve the efficiency and functionality of our government's finance and accounting systems.

#### **Initiatives Supporting Key Objectives**

- Removing needless red tape such as duplicate processes and rules that do not add protections will save time, money and resources, while still protecting the environment, upholding fiscal accountability and ensuring the health and safety of Albertans. This initiative will cost \$1.5 million in 2019-20.
- In 2019-20, \$13 million is allocated to Fiscal Planning and Economic Analysis with Economics and Fiscal Policy (EFP) and Budget Development and Reporting (BDR). EFP provides analysis and advice on fiscal and economic issues including tax policy, demographic analysis, economic forecasting and fiscal analysis of policy and program initiatives. BDR provides timely, relevant and accurate budget analysis and advice to decision-makers and is accountable for the government's budgeting process. These serve as the basis for sustainable program funding.
- In 2019-20, \$3.3 million is allocated to Tax and Revenue Administration's Filing, Compliance, and Collections (FCC) unit. FCC works to ensure that tax debts are resolved in a timely manner.

## Performance Metrics

### 1.a Performance Measure: Balance the province's budget by 2022-23

### 1.b Performance Measure: Ratio of amounts added to net tax revenue to costs of administration (as a measure of efficiency) *(Beginning in 2018-19, the modified ratio no longer includes principal recoveries made on behalf of the Canada Revenue Agency.)*

The 2018-19 ratio was 15.1:1 which exceeded the target of 9:1.

#### TARGETS

2019-20:	9:1
2020-21:	9:1
2021-22:	9:1
2022-23:	9:1

### 1.c Performance Measure: Investment returns in excess of the benchmark through active management, for the endowment and pension funds, annualized over a five-year period

The five-year annualized investment return in 2018-19 was 1.2 per cent which exceeded the target of 1.0 per cent.

#### TARGETS

2019-20:	1%
2020-21:	1%
2021-22:	1%
2022-23:	1%

### 1.d Performance Measure: Value of pursuable Corporate Income Tax debt (tax debt not under dispute) as a percentage of total Corporate Income Tax revenue

In 2018-19, this ratio was 6 per cent which met the target.

#### TARGETS

2019-20:	≤ 7%
2020-21:	≤ 7%
2021-22:	≤ 7%
2022-23:	≤ 7%

**1.e Performance Indicator: CFIB Red Tape rating** (2019 Red Tape Report Card published by The Canadian Federation of Independent Business (CFIB) <https://www.cfib-fcei.ca/sites/default/files/2019-01/red-tape-report-card-2019.pdf>.)

This indicator grades provincial governments on their progress tackling excessive regulation. Alberta received F in 2018-19, one of the lowest among all provinces and territories in Canada.

	2014-15	2015-16	2016-17	2017-18	2018-19
Alberta grade	D	N/A	F	F	F

**1.f Performance Measure: Corporate Income Tax**

The general income tax rate on businesses in Alberta was 12.0 per cent in 2018-19.

**TARGETS**

The general income tax rate on businesses will be reduced from 12.0% to 8.0% over 4 years from 2019

**1.g Performance Indicator: C.D. Howe Institute Fiscal Accountability rating** (Show and Tell: Rating the Fiscal Accountability of Canada's Senior Governments, 2019, published by the C.D. Howe Institute [https://www.cdhowe.org/sites/default/files/attachments/research\\_papers/mixed/Commentary%20545.pdf](https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/Commentary%20545.pdf))

The Government of Alberta was rated A in 2018-19.

	2014-15	2015-16	2016-17	2017-18	2018-19
Alberta rating	A+	A+	A+	A	A

## Outcome 2

### What We Want To Achieve

#### Policy and regulatory oversight for the liquor, gaming, cannabis, financial, securities, insurance and pensions sectors that is effective, fair and in the interests of Albertans

The ministry influences the livelihood of Albertans and Alberta-based businesses by setting effective policies and regulations and providing oversight to protect public interest.

#### Key Objectives

- 2.1 Lead and implement changes to keep the legislation, regulation and policy current, based on best practices and that are consistent with principles of regulatory efficiency.
- 2.2 Continue to work cooperatively with other jurisdictions to improve securities regulation in Canada and ensure a provincially-led regulatory system that meets the needs of Alberta market participants and investors.
- 2.3 Support Alberta businesses by encouraging investments and improving access to capital for small and medium sized enterprises.
- 2.4 Lead and implement changes to address the regulatory requirements that cause regulatory burden in order to better enable economic growth, innovation and competitiveness and facilitate a strong investment climate in

Alberta. This includes an outcomes-based approach to regulating, achieving a target of one-third reduction of regulatory requirements, and no new increase in regulatory requirements while maintaining consumer, environmental, health and safety protections, and fiscal accountability.

### Initiatives Supporting Key Objectives

- In 2019-20, \$6.9 million is allocated to policy support and analysis for financial institutions, insurance and private and public sector pension plans, such as the Canada Pension Plan. The division is the government contact for, and provides regulatory oversight to the following entities: the Automobile Insurance Rate Board, Alberta Insurance Council, Credit Union Deposit Guarantee Corporation, Alberta Pensions Services Corporation, the Local Authorities Pension Plan Corporation and ATB Financial.
- In 2019-20, \$42 million is budgeted for the Alberta Securities Commission (ASC) which is the regulatory agency responsible for administering Alberta's securities laws. It is entrusted with fostering a fair and efficient capital market in Alberta and with protecting investors. As a member of the Canadian Securities Administrators, the ASC works to improve, coordinate and harmonize the regulation of Canada's capital markets.

## Performance Metrics

**2.a Performance Measure: Employment pensions funded ratio** (*Funded ratio indicates the degree to which assets cover liabilities. Plans must be at least 100 per cent funded on an ongoing basis. As of March 1, 2019, the Local Authorities Pension Plan, the Public Service Pension Plan and the Special Forces Pension Plan will no longer be included in this performance measure.*)

In 2018-19, the ratio was 108.18 per cent which exceeded the target of 100%.

#### TARGETS

2019-20:	100%
2020-21:	100%
2021-22:	100%
2022-23:	100%

**2.b Performance Measure: Alberta incorporated insurance companies rated as stable by the Superintendent of Insurance**

The 2018-19 ratio was 91 per cent, lower than the target of 100 per cent.

#### TARGETS

2019-20:	100%
2020-21:	100%
2021-22:	100%
2022-23:	100%

**2.c Performance Measure: One-third reduction of regulatory requirements used in Government of Alberta statutes, regulations, policies, guidelines, and forms** (*This is a new performance measure. 2018-19 data is not available.*)

## TARGETS

2019-20:	5%
2020-21:	12%
2021-22:	20%
2022-23:	33%

## Outcome 3

### What We Want To Achieve

#### **An efficient and effective public service working for Albertans**

The Public Service Commission (PSC) provides timely and effective Human Resources (HR) services and programs, to enable the Alberta Public Service (APS) and agencies, boards and commissions (ABCs) to deliver high quality services to Albertans at a cost comparable to similar jurisdictions. The Provincial Bargaining Coordination Office (PBCO) supports government's interests, as employer and funder, with respect to public sector labour relations. The PBCO prepares mandates, supports cross-sectoral coordination in bargaining and strengthens government's overall strategic capacity with respect to negotiations, arbitrations, compensation research and analysis, and other strategic labour relations matters.

#### **Key Objectives**

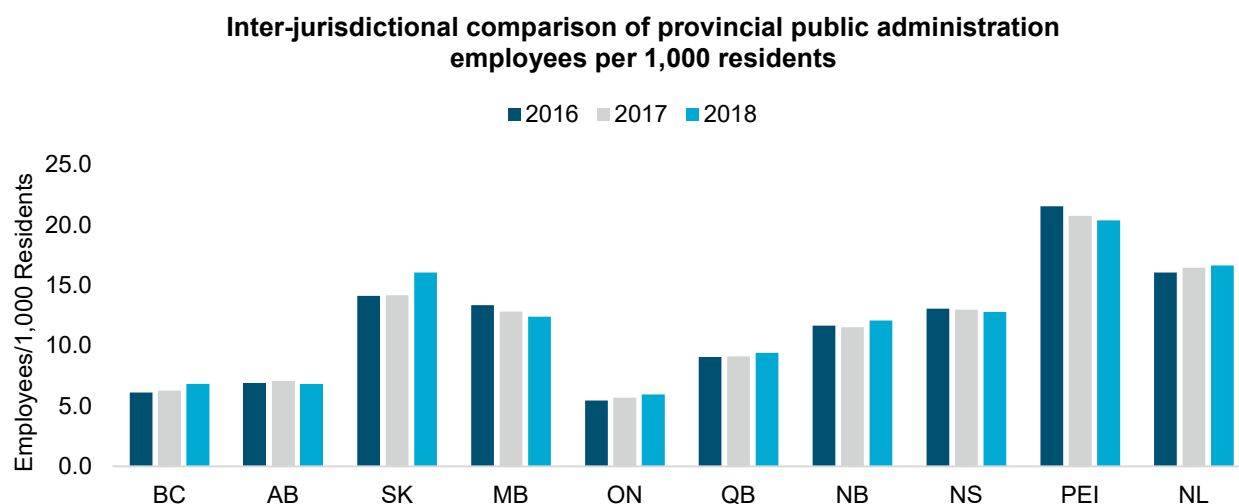
- 3.1 Deliver client focused and timely HR services to support the APS to achieve government priorities.
- 3.2 Enhance the integration, efficiency and functionality of government's HR systems.
- 3.3 Foster a respectful work environment and inclusive hiring practices.
- 3.4 Provide assistance, resources and advice to government departments and ABCs to support best practices in board governance, effectiveness and accountability.
- 3.5 Lead coordinated approach to board member recruitment to support efficient, evidence-based and effective appointment of qualified candidates to ABCs.
- 3.6 Continue to provide strategic negotiations and arbitration services, mandate development for bargaining, economic analysis, compensation research and data analytics.

#### **Initiatives Supporting Key Objectives**

- In 2019-20, \$3.7 million is allocated to conduct planning, using analytics and data to support evidence-based decisions on the current and future APS workforce.
- In 2019-20, \$0.8 million is budgeted for PSC to represent the employer in collective bargaining and essential services negotiations between the Alberta Union of Provincial Employees (AUPE) and the Government of Alberta.
- In 2019-20, \$2.1 million is allocated to support the transition of HR functions into the Government of Alberta's new Enterprise Resource Planning platform.
- In 2019-20, \$1.6 million is budgeted to support departments and ABCs to ensure accountability, transparency and good governance.

## Performance Metrics

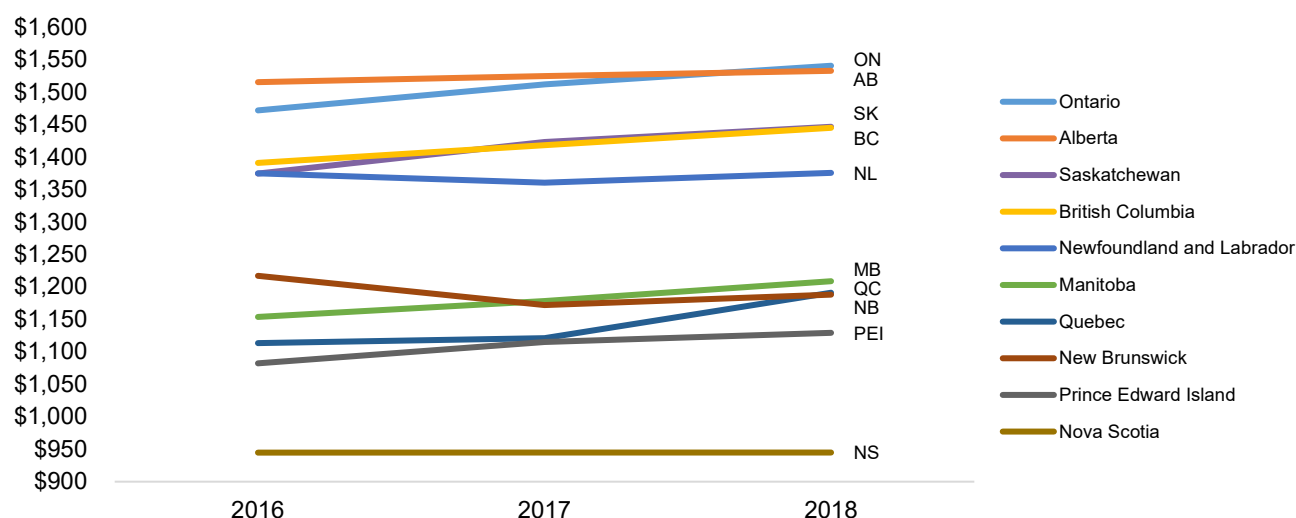
- 3.a Performance Indicator: Inter-jurisdictional comparison of provincial public administration employees per 1,000 residents** *(Provincial public administration comprises establishments of provincial or territorial governments primarily engaged in activities of a governmental nature, such as legislative activities, judicial activities, taxation, public order and safety, and the administration of provincial or territorial government programs. Provincial public administration employment includes employees that are actively being paid in the reporting periods (employees paid by the hour, salaried employees and other employees). Statistics Canada. Table: 17-10-0009-01 (formerly CANSIM 051-0005) Population Estimates, Quarterly. Statistics Canada. Table: 14-10-0202-01 Employment by Industry, Annual, based on the Survey of Employment, Payrolls and Hours.)*



Jurisdiction	Actual 2016	Actual 2017	Actual 2018
Prince Edward Island	21.6	20.8	20.4
Newfoundland and Labrador	16.1	16.5	16.7
Saskatchewan	14.1	14.2	16.1
Nova Scotia	13.1	13.0	12.8
Manitoba	13.4	12.8	12.4
New Brunswick	11.7	11.5	12.1
Quebec	9.1	9.1	9.4
<b>Alberta</b>	<b>6.9</b>	<b>7.0</b>	<b>6.8</b>
British Columbia	6.1	6.3	6.8
Ontario	5.5	5.7	6.0

- 3.b Performance Indicator: Inter-jurisdictional comparison of weekly earnings of provincial public administration employees** *(Provincial public administration comprises establishments of provincial or territorial governments primarily engaged in activities of a governmental nature, such as legislative activities, judicial activities, taxation, public order and safety, and the administration of provincial or territorial government programs. Provincial public administration employment includes employees that are actively being paid in the reporting periods (employees paid by the hour, salaried employees and other employees). Statistics Canada. Table 14-10-0204-01 Average weekly earnings by industry, Annual. Information is expressed at the dollar value(current dollars) prevailing during the period being referred to.)*

**Inter-jurisdictional comparison of weekly earnings of  
provincial public administration employees**



Jurisdiction	Actual 2016	Actual 2017	Actual 2018
Ontario	\$1,472	\$1,512	\$1,540
<b>Alberta</b>	<b>\$1,515</b>	<b>\$1,524</b>	<b>\$1,532</b>
Saskatchewan	\$1,374	\$1,423	\$1,446
British Columbia	\$1,391	\$1,418	\$1,445
Newfoundland and Labrador	\$1,375	\$1,360	\$1,375
Manitoba	\$1,154	\$1,178	\$1,209
Quebec	\$1,113	\$1,121	\$1,191
New Brunswick	\$1,217	\$1,172	\$1,188
Prince Edward Island	\$1,082	\$1,115	\$1,129
Nova Scotia	\$945	\$945	\$945

- 3.c Performance Indicator: Bargaining mandates provided to major public sector employers prior to negotiations** *(Bargaining mandates will be developed, and ready for the Cabinet Working Committee on Public Sector Negotiations' approval such that approved mandates can be provided to affected major public sector employers prior to negotiations commencing.)*

## Outcome 4

### What We Want To Achieve

#### Effective, efficient communication of government priorities and initiatives

Communications and Public Engagement (CPE) is the Government of Alberta's full-service communications, public relations and marketing office. Its mandate is to enhance communications between Albertans and the Government of Alberta.



## Key Objectives

- 4.1 Present government information across a spectrum of platforms including paid advertising, web, social media, text, email, signage, mail, print, video, graphics and audio, and to mainstream media on demand.
- 4.2 Continue to modernize communications IT tools and infrastructure to maintain efficient two-way communications with Albertans.

## Initiatives Supporting Key Objectives

- CPE provides planning, execution and measurement of communications efforts. Its expert staff provides specialized services across the spectrum of communications and marketing from research, design, writing and social media, to event coordination, issues management, digital communications, advertising and public consultation. The agency staffs the external communications functions in all departments of government with the mandate to enhance communications between the people and the Government of Alberta. In 2019-20, \$35 million is allocated to CPE.

## Performance Metrics

### 4.a Performance Measure: Alberta.ca sessions (in millions) per million population

The 2018-19 actual was 3.0 which exceeded the target of 1.2.

#### TARGETS

2019-20:	2.3
2020-21:	2.5
2021-22:	2.7
2022-23:	2.7

### 4.b Performance Measure: Proactive and reactive communications to Albertans via government channels (in millions) *(This measure sums social media impressions for @youralberta social channels (Facebook, Twitter, Instagram) as measured by each platform; video views for @youralberta on YouTube; and, Alberta.ca web page views.)*

The 2018-19 actual was 80.8 which exceeded the target of 51.0.

#### TARGETS

2019-20:	55
2020-21:	57
2021-22:	59
2022-23:	59

## STATEMENT OF OPERATIONS

(thousands of dollars)

		Comparable					
(thousands of dollars)		2018-19 Budget	2018-19 Actual	2019-20 Estimate	2020-21 Target	2021-22 Target	2022-23 Target
REVENUE							
Personal Income Tax	11,387,106	11,874,376	11,990,000	12,619,000	13,451,000	14,335,000	
Corporate Income Tax	4,550,752	4,872,828	4,177,000	4,614,000	5,031,000	5,388,000	
Other Taxes	4,428,460	4,322,843	3,244,000	3,166,000	3,252,000	3,359,000	
Transfers from Government of Canada	1,661,708	1,638,851	1,962,000	1,771,000	1,836,000	1,906,000	
Investment Income	2,605,114	2,015,461	2,264,145	2,344,269	2,498,915	2,592,946	
Net Income from Commercial Operations	2,497,152	2,432,631	2,379,436	2,551,292	2,665,606	2,710,690	
Premiums, Fees and Licences	178,212	171,752	160,811	204,267	221,098	221,461	
Other Revenue	430,214	503,901	446,635	448,992	448,225	447,869	
Ministry Total	27,738,718	27,832,643	26,624,027	27,718,820	29,403,844	30,960,966	
Inter-Ministry Consolidations	(170,582)	(189,838)	(197,178)	(191,910)	(189,051)	(190,460)	
Consolidated Total	27,568,136	27,642,805	26,426,849	27,526,910	29,214,793	30,770,506	
EXPENSE							
Ministry Support Services	10,433	8,024	13,539	10,624	10,625	10,624	
Budget Development and Reporting	5,716	5,615	6,525	6,188	6,188	6,188	
Fiscal Planning and Economic Analysis	6,183	6,307	6,285	5,970	5,970	5,970	
Investment, Treasury and Risk Management	700,078	784,392	705,240	697,953	695,696	696,314	
Office of the Controller	6,574	6,835	8,045	7,682	7,682	7,682	
Tax and Revenue Management	47,035	35,629	40,772	38,324	38,324	38,324	
Financial Sector and Pensions	190,285	185,469	184,216	183,721	183,515	183,677	
Provincial Bargaining Coordination Office	2,381	2,355	2,346	2,226	2,226	2,226	
Red Tape Reduction	-	-	1,496	2,550	2,550	2,550	
Public Service Commission	81,680	74,780	74,031	67,871	68,138	68,410	
Communications and Public Engagement	39,547	65,165	34,716	31,931	32,062	32,196	
Gaming	43,800	43,687	50,500	45,600	45,600	45,600	
Carbon Tax - Consumer Rebates	525,000	523,334	180,000	-	-	-	
Teachers' Pre-1992 Pensions - Payments	477,167	479,148	486,167	487,583	488,000	487,417	
Alberta Family Employment Tax Credit	152,698	158,931	160,624	40,929	-	-	
Scientific Research and Experimental Development Tax Credits	79,000	65,501	50,000	-	-	-	
Corporate Income Tax Allowance Provision	15,000	(45,789)	15,000	15,000	15,000	15,000	
General Debt Servicing	1,074,024	1,087,276	1,274,446	1,378,538	1,502,471	1,630,228	
Capital Debt Servicing	775,000	777,000	901,000	1,043,000	1,169,000	1,274,000	
Change in Unfunded Pension Obligation	(149,000)	(40,809)	(226,000)	(229,000)	(235,000)	(243,000)	
Contingency and Disaster and Emergency Assistance	-	-	680,000	750,000	750,000	750,000	
Ministry Total	4,082,601	4,222,850	4,648,948	4,586,690	4,788,047	5,013,406	
Inter-Ministry Consolidations	(199,860)	(207,648)	(200,000)	(190,000)	(187,020)	(187,185)	
Consolidated Total	3,882,741	4,015,202	4,448,948	4,396,690	4,601,027	4,826,221	
Net Operating Result	23,685,395	23,627,603	21,977,901	23,130,220	24,613,766	25,944,285	

## STATEMENT OF OPERATIONS ... continued

(thousands of dollars)

	Comparable		<b>2019-20 Estimate</b>	2020-21 Target	2021-22 Target	2022-23 Target
	2018-19 Budget	2018-19 Actual				
<b>CAPITAL INVESTMENT</b>						
Ministry Support Services	-	-	<b>25</b>	25	25	25
Investment, Treasury and Risk Management	14,468	12,160	<b>19,736</b>	10,000	10,000	10,000
Financial Sector and Pensions	3,317	1,801	<b>4,407</b>	4,528	4,436	3,970
Consolidated Total	17,785	13,961	<b>24,168</b>	14,553	14,461	13,995